



40<sup>th</sup>  
YEAR  
ANNIVERSARY



# ANNUAL REPORT 2019



SRISAWAD CORPORATION PUBLIC COMPANY LIMITED.



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## Board of Directors



01



Mr. Sukont Kanjanahuttakit  
Chairman



02



Mr. Vinai Vittavasgarnvej  
Independent Director  
Vice Chairman  
Chairman of Audit Committee



03



Mr. Chatchai Kaewbootta  
Director



04



Miss Doungchai Kaewbootta  
Director



05



Dr. Veera Veerakul  
Independent Director



06



Pol. Lt. Gen. Pharnu Kerdlarphong  
Independent Director  
Chairman of Nomination  
and Remuneration Committee

## Board of Directors



07

◀ Mr. Weerachai Ngamdeevisaisak  
Independent Director  
Chairman of Risk Management Committee



08

◀ Mr. Tzung-Han Tsai  
Director



09

◀ Mr. Pinit Puapan  
Director



010

◀ Mr. Sumate Maneewattana  
Independent Director



011

◀ Mr. Prayong Sannual  
Director



012

◀ Mr. Somyot Ngerndamrong  
Director



## Report from the Board of Directors

In 2019, the Group received capital increase stake from Cathay Financial Holding Co., Ltd., a company that operates financial and insurance business in Taiwan, who has a stable financial position, and expertise in technology and financial business. This year, the Company has invested more in Srisawad Finance Public Company Limited through a capital injection, as well as a tender offer to acquire all the shares from the original shareholders. Through this effort, the Company's stake has increased to 82.04% of the registered and paid-up capital of Srisawad Finance Public Company Limited.

For overseas businesses, the Company has sold most of its stake in the Vietnamese subsidiary to its partners in Vietnam and expanded its business in Laos by expanding its branches.

As for the core business of the company Group, SAWAD's group was able to increase the portfolio size by 26% from year 2018, and increase the number of branches by the end of 2019 by totaling 4,080 branches in operation in all major municipalities throughout all provinces in the country. At the same time, the Company has ramping up the nano finance product. All these factors enabled the Company to increase the net profit from Baht 3,000.89 million in 2018 to Baht 3,928.75 million in 2019, a growth rate of 30.92% from year to year.

The company group will continue to focus on sustaining the profit growth as it has in the past. The aim is to grow the business by another 30%, through branch expansion, diligent credit assessment, risk management, and expanding the various lines of business such as Insurance or incorporate with our business partners to develop new technology not only local partners but also foreign partners, to expand core business as well as the new opportunities.

With the skills of the Company's employees and management team from their deep experience in the business, the Company aims to produce attractive returns for all the stakeholders including shareholders, business partners, customers and employees.

On behalf of the Board of Directors, I would like to express our gratitude to all customers, business partners, investors, and shareholders for the support that the Company has received. I would also like to thank all of our



personnel and management team for the dedication to the company group, enabling us to grow and succeed at the rate that we have thus far.

Mr. Sukont Kanjanahuttakit

Chairman



## Part I

### Business Operation

#### 1. Policies and Overall Business Operation

##### 1.1 Vision and Mission

###### Vision

To become a leader of financial convenience store in Thailand

###### Mission

To provide prompt financial services covering all areas in demand, with appropriate risk management and continued quality development for employees to gear up for sustainable growth

###### Business Target in next 3-5 years

To expand financial service cover every sub-district in Thailand and to expand financial service to AEC, with suitable and compatible products to each country under concerned risk management. To expand NPL management service and debt collection service.

##### 1.2 Company History, Changes and Significant Development

SAWAD was originally founded by the Kaewbootta family to operate an auto title loan business in Petchaboon province. The Company has continued to extend its service coverage by opening new branches in other provinces to include financial services offered to customers who need financial aids but have limited access to financing services offered by banks and financial institutions.

At present, SAWAD and its subsidiaries offer auto-backed loans and home-backed loans through their 2,870 branches (update as of 31 December 2018), under the service mark / trade name “**Mee Baan Mee Rod Ngern Sod Than Jai**” (literally translated as “Your car and/or your home can bring you instant cash”) and changed the service mark to “ **Srisawad Ngern Sod Than Jai**” The Company’s strengths include its prompt services, fast approval and lending process as well as easy access and close relationship with customers. The Company





offers financing services to general retail customers in Bangkok, Bangkok's vicinity, and other provinces nationwide.

The Company's major changes and development can be summarized below.

1979 -2000	<p>The Kaewbootta family founded the Company to provide vehicle title loans in Petchaboon province.</p> <p>The business had been expanded to include larger service coverage in other provinces, marking a pioneer of the so-called car-for-cash loan segment.</p>
2007	<p>Sold the existing business which included branches and the service mark to another operator in the industry.</p>
2008	<p>Srisawad Power 1979(“<b>SAWAD</b>” or the Company) was established (formally known as PV and KK Service 2008), with the registered capital of Baht 1 million, without any business operation.</p>
2009	<p>Acquired Srisawad Power Co. , Ltd (SP) , engaging in the debt collection business and the auto title business (with less than 100 branches).</p> <p>Under SAWAD Group's umbrella, SP expanded the debt collection and lending businesses to include 136 branches.</p>
2010-2014	<p>The Company increased the registered and paid-up capital to Baht 5 million and launched the auto-backed loans and home-backed loan business under the service slogan “Mee Baan Mee Rod Ngern Sod ThanJai”</p> <p>Restructured the business by acquiring two companies, without business operation</p> <ul style="list-style-type: none"> <li>- Srisawad Power 1982 Co., Ltd (“<b>SP 1982</b>”) (formally known as K.P.N Holding Co. Ltd</li> <li>- Fast Money Co. Ltd. (“<b>FM</b>”) (formally known as J.D.T Money Service Co., Ltd)</li> </ul> <p>The Company increased the registered and paid-up capital to Baht 200 million.</p> <p>SP's business was transferred to the Company after SAWAD purchased and received the transfer of loan receivables and hire purchase receivables for operation and management at the Company and SP 1982.</p> <p>The branch network was expanded to include 265 branched at the end of 2011.</p>
2012	<p>The Company increased the registered capital and paid-up capital from Baht 200 million to Baht 750 million.</p>





- 2013
- The Extraordinary Shareholder Meeting No. 1/2013 held on 31 May 2013 approved the plan to privatize the Company to become a public company with a change of the par value from Baht 100 per share to Baht 1 per share. The Company increased the registered capital from Baht 750 million to Baht 1,000 million by raising the capital of Baht 250 million, with 250 million shares allocated for the initial public offering.
- The Company was registered the privatization on 14 June 2013
- As of 31 December 2013, the Company's branch network included a total of 602 branches.
- 2014
- The Company carried on the initial public offering for the total shares of 250,000,000 at a par value at Baht 1 and at a share price of Baht 6.90 per share. In addition, the Company registered the change of the paid-up capital to Baht 1,000 million (1,000,000,000 shares at a par value of Baht 1) with the Business Development Department, Ministry of Commerce on 2 May 2014. Then, the Stock Exchange of Thailand listed 1,000,000,000 ordinary shares at the par value of Baht 1, with the stock trading started on 8 May 2014.
  - Issued senior and unsecured bonds valued at Baht 500 million, with maturity of one year and six months, for institutional investors and high net worth investors on 30 June 2014.
  - The Company founded Srisawad Asset Management Co. Ltd, with the registered capital of Baht 25 million, with holding of 99.99 percent. The new company was set to operate debt collection services and purchase distressed assets from financial institutions, with an operating license being granted by the Bank of Thailand in July 9, 2014.
  - On 9 September 2014, the Extraordinary Shareholder Meeting No 3/2014 resolved to allow the Company to receive the business transfer from Srisawad Power 1982 Co, Ltd., its subsidiary. The transaction was completed on 30 September 2014 and Srisawad Power 1982 already registered the company's dissolution and it has now been under the company liquidation process.
- As of 31 December 2014, the Company's branch network included a total of 1,059 branches.
- 2015
- Increased registered capital from Baht 1,000 million to Baht 1,060 million by issuing 60 million ordinary shares at the par value of Baht 1, for stock dividend amounted 20 million shares and reserve for exercised warrant amounted 40 million shares.
  - Issued Warrant No. 1 (SAWAD-W1) amounted 40 million units for existing shareholders.
  - Received the Nano Finance operating license granted by BOT
  - Srisawad Asset Management raised its registered capital from Baht 25 million to Baht 100 million and renamed to SWP Asset Management.



- The Company founded Srisawad International Holding Co. Ltd, with the registered capital of Baht 10 million. The new company was set to be a holding company.
  - The Company founded Srisawad Vietnam LLC, with the registered capital of Baht 200 million. The new company was set to operate trading service in Vietnam.
  - As at 31 December 2015, the Company's branch network included a total of 1,627 branches.
- 2016
- Decreased and increased capital fund from 1,060 Million Baht to 1,086.5 Million Baht by issuing 26.5 Million ordinary shares, at the par value of Baht 1, for stock dividend amounted 25.5 million shares and reserve for adjusted exercise ratio of Warrant No. 1 amounted 1 million shares.
  - The Company founded SWP Services Co. Ltd, with the registered capital of Baht 15 million for providing consultancy services to implement and manage the credit-provision process from end to end. After restructured within Group the Company sold all ordinary shares of SWP Services to Srisawad International Holding Co., Ltd. (the Company's subsidiary)
  - Established Srisawad Power 2014 Co., Ltd. with registered capital of Baht 1 million for debt collection service.
  - Srisawad International Holding Co., Ltd. founded United Coastal Co., Ltd. with registered capital of Baht 1 million for being a holding company.
  - The Company had invested in Bangkok First Investment & Trust Plc. for 9.84% of paid-up capital. The Company had applied and received permission to hold BFIT up to 100% from The Bank of Thailand on 27 December 2016.
  - As at 31 December 2016, the Company's branch network included a total of 2,130 branches.
  - The Company had invested in Bangkok First Investment & Trust Plc. (changed name to Srisawad Finance Plc. later) through the Company's agent and tender offer for 36.35% of paid up capital.
- 2017
- Decreased and increased registered capital from 1,086.5 Million Baht to 1,130 Million Baht by issuing 43.5 Million shares at the par value of 1 Baht, for stock dividend payment amounted 41.8 Million shares and reserved for adjusted exercise ratio of Warrant No. 1 amounted 1.6 Million shares.
  - Raised fund in Srisawad Power 2014 Co., Ltd. (S2014) from 1 Million Baht to 2,000 Million Baht and partial business transferred and branches from the Company to Srisawad Power



- 2014 Co., Ltd. and S2014 started to provide loans, loan management service and debt collection service.
- Transformed the Company's business from lending business to holding business and changed the Company's name to "Srisawad Corporation Plc." for founding financial group..
  - Restructured business among the Company's group by lending agreement segregation and size of lending
  - Srisawad International Holding Co., Ltd. founded Srisawad Leasing Laos Co., Ltd. with registered capital of Baht 12.08 million for expanding lending business to Laos.
  - Warrants' holders had exercised 50,200 units of Warrant to 53,513 registered shares in the first exercise period.
  - As at 31 December 2017, the Company's branch network included a total of 2,490 branches
- 2018
- Decreased and increased registered capital from 1,130 MB. to 1,192.72 MB. by issuing 62.77 million ordinary shares at the par value of 1 Baht, for stock dividend payment amounted 60.41 million shares and reserved for adjusted exercise ratio of Warrant No. 1 amounted 2.36 Million shares.
  - Increased capital in the Company's subsidiaries and associates as follows:
    1. Increased capital in Srisawad International Holding Co., Ltd. from 10 MB. to 300 MB.
    2. Increased capital in Fast Money Co., Ltd. from 50 MB. to 150 MB.
    3. SWP Services Co., Ltd. (subsidiary of Srisawad International Holding or "SIH") increased capital from 15 MB. to 300 MB., SIH exercised its right for 210 MB. or 75% of registered capital, the rest 25% of registered capital sold to Win Lily Pte. Ltd. which will be beneficial to the business in Myanmar.
  - Moved from the Ninth Grand Rama 9 Tower to new office at Srisawad Building, Cheang Wattana Road.
  - Dissolution United Coastal Co., Ltd. (a subsidiary of SIH)
  - Decreased and increased registered capital from 1,192.72 MB. to 1,249.71 MB. by issuing 57 million ordinary shares at the par value of 1 Baht, for offering to specified person such as Cathay Financial Holding Co., Ltd. or its associates at the offered price of Baht 45 per share worth 2,565 MB.
  - Founded P Lending Co., Ltd. to establish platform for lending business, with registered capital 5 MB. the Company held 75% of total shares, the rest 25% held by strategic partners.



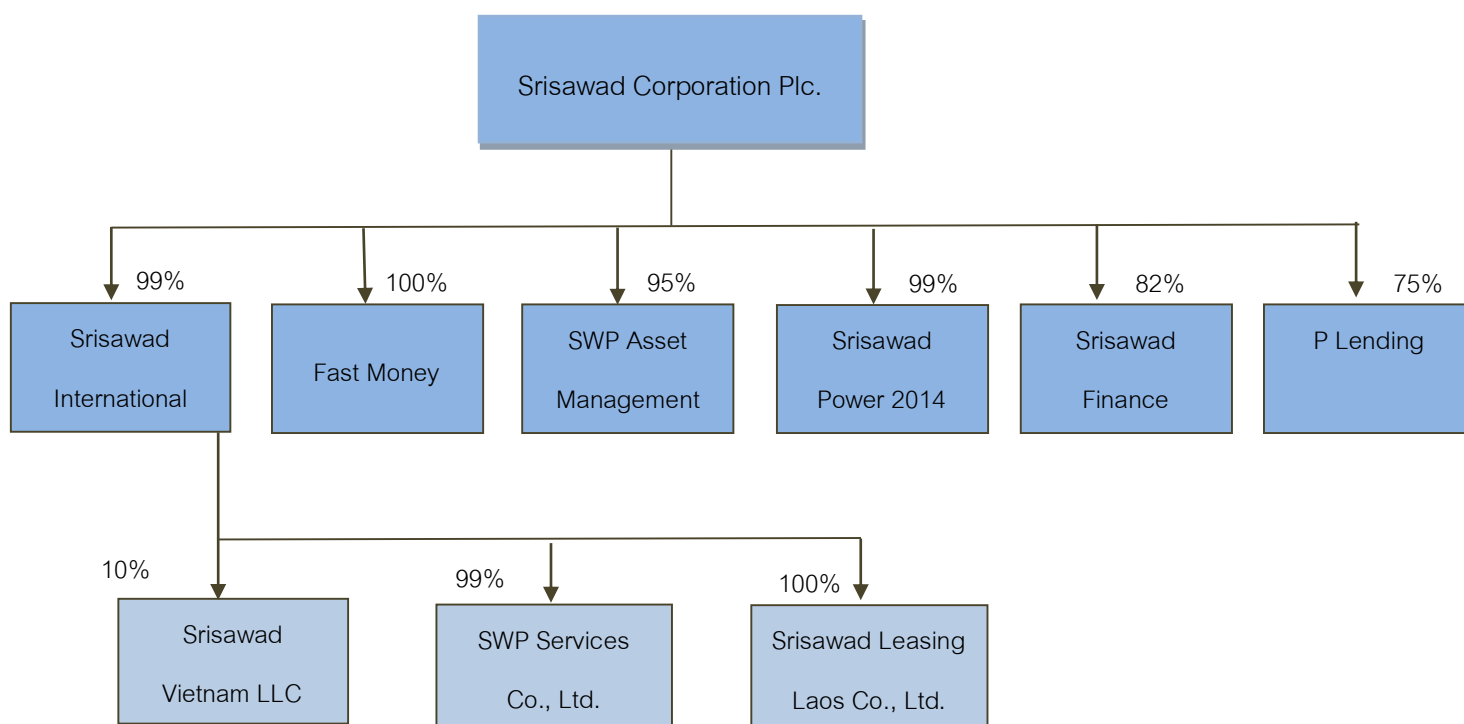
2019

- As at 31 December 2018, the Company's branch network included a total of 2,870 branches
- Increased registered capital from 1,249.71 MB. to 1,374.66 MB. by issuing 124.95 million ordinary shares at the par value of 1 Baht, for stock dividend payment amounted 120.48 million shares and reserved for adjusted exercise ratio of Warrant No. 1 amounted 4.47 Million shares.
- Srisawad International Holding Co., Ltd. buy back shares of SWP Services Co., Ltd. from partner which cannot get along with.
- Subscribed and oversubscribed right to purchase new shares of BFIT, then make the proportion of holding of BFIT rose from 45% to 78% and make a tender offer from BFIT's shareholders, after tender offer, the proportion of holding of BFIT increase to 82%
- Warrant holders (SAWAD- W1) had exercised their right to purchase ordinary shares amounted 8,893,749 units, this made the paid-up capital increased 11,001,563 Baht
- Srisawad International Holding Co., Ltd. disposed its investment in Srisawad Vietnam LLC from 100% to 10% to its business partners.
- As at 31 December 2019, the Company's branch network included a total of 4,080 branches.



### 1.3 The Company's Structure

As of 31 December 2019, the Company owned the following companies.





## 2. Business Characteristics

At present, SAWAD Group offers secured retail loans under the service slogan “Srisawad Ngern Sod Than Jai”. The lending services consist of hire purchase loans for new motorcycles and personal loans; in addition, the Company has just expanded its business to cover debt collection business and purchase of distressed assets from financial institutions for management. The details of the Company's business as follows:

Company	Business
Srisawad Corporation Public Company Limited	Holding business (former: provided secured loans, for complying to BoT regulation according to invest in finance company, the Company has to transform to holding company and transferred business to Srisawad Power 2014 Co., Ltd.)
Srisawad Finance Public Company Limited	Finance business providing deposits, corporate lending, projects lending, consumers lending, car for cash and house for cash, Bond representative service.
Fast Money Co., Ltd.	Offers hire purchase loans for new motorcycles, non-secured personal loans and Nano finance loans. (At present suspense hire purchase loans and non-secured personal loans)
SWP Asset Management Co., Ltd.	Provides debt collection service and the purchase of distressed assets from the financial institutions for management
Srisawad International Holding Co., Ltd.	To invest in other business in Thailand or abroad
Srisawad Power 2014 Co., Ltd.	Provides debt collection service and provide loans secured by houses, land, townhouses and condominiums and all kinds of old vehicles including motorcycles, commercial cars, trucks, public buses, vehicles for agricultural purposes, e.g., tractors and rice harvesters, and four-wheel cars by hire purchase contract and motorcycle for cash and insurance service agent.



P Lending Co., Ltd.	Generate platform for lending business, to expand the Group's lending business and lending business agent
SWP Services Co., Ltd.	Provides consultancy services to implement and manage the credit-provision process from end to end in ASEAN
Srisawad Vietnam LLC	Provide secured loans
Srisawad Leasing Laos Co., Ltd.	Obtained leasing license in Laos and start leasing business in 2018

## Revenue Structure

The Company's revenue structure in the consolidated financial statement in 2017-19 is as follows:

Consolidated Financial Statement	2017		2018		2019	
	Million	%	Million	%	Million	%
<b>Core business</b>						
Revenue from hire purchase business	1,278.90	18.27	954.36	12.11	447.93	4.57
Interest income from lending business	3,664.65	52.36	4,811.31	61.05	6,715.68	68.57
<b>Total revenue from core business</b>	<b>4,943.55</b>	<b>70.63</b>	<b>5,765.67</b>	<b>73.16</b>	<b>7,163.61</b>	<b>73.15</b>
Other revenue <sup>1/</sup>	2,055.14	29.36	2,115.65	26.84	2,629.65	26.85
<b>Total revenue</b>	<b>6,998.69</b>	<b>100.00</b>	<b>7,881.32</b>	<b>100.00</b>	<b>9,793.26</b>	<b>100.00</b>

Note:<sup>1/</sup> Other revenue includes fees, service charges, expense and penalty fees, and etc.

## Business Operation by Products

### 2.1 Characteristics of the products or services

#### Auto title and home-backed loans

SAWAD Group provides secured loans by Srisawad Corporation Plc., (serviced between January to June 2018), Srisawad Power 2014 Co., Ltd. and Srisawad Finance Plc. (started service from July 2018) in Thailand, Srisawad Vietnam LLC provides secured loans (car and motorcycle) in Vietnam, collateralized by all kinds of vehicles, including personal cars with not exceeding seven seats, personal trucks (pick-up trucks), motorcycles, six-wheel vehicles, the-wheel vehicles, trailers and vehicles used for agricultural purposes as well as other collaterals including houses, land, condominiums.





As of 31 December 2019, the Company offered auto title loans and home-backed loans with the total net receivables under the hire purchase contracts and loan agreements totaling Baht 32,924 million.

#### Examples of collaterals



*motorcycles*



*Four-wheel and six-wheel*



*Ten-wheel vehicles*

*commercial vehicles*



*Tractors*



*rice harvesters*



*Trailers*



*Personal cars*



*Personal pick-up*



*Deeds of house and land*

Legal transactions and contracts can be classified into two groups

- (1) Loan agreements: The Company provides lending services under the loans agreements secured by all kinds of collaterals. The collaterals can be classified into two categories:

- 1.1) For loans collateralized by all kinds of vehicles, customers do not have to transfer the ownership of the vehicle registration when the loan agreement is inked but they are required to present the vehicle registration certificate to the Company and also sign in a transfer request for floating transfer of collaterals to the Company. In case a customer defaults on his obligation to repay loan for a certain duration specified by the Company, the Company will send a warning letter and the customer shall repay loan within seven days. If the customer fails to repay loan by the specified time, then the Company shall confiscate the collateral. Once the collateral is confiscated, the customer is allowed to redeem the collateral within 30 days. If no redemption is done within 30 days, the Company is entitled to sell the collateral. Also, the Company is entitled to register the ownership transfer with no legal actions required.



1.2) Legal transactions for loans secured by the deeds of land, houses and condo units can be classified into two categories as follows:

- Mortgage contracts: A customer, as a mortgagee, registers mortgage with the Company, as a mortgagor, and signs a loan agreement. Then the customer presents the deed to the Company as collateral on the day the loan is extended to the customer. Note that the customer still holds the right to possess and use the collateral. If the customer defaults on his obligation to repay loan for a certain period, the Company, as a lender and mortgagor will send a notice to the customer, requesting the customer to repay loan within specified time. If no loan repayment is done, then the Company shall file a lawsuit against the customer and take possession of the collateral or sell it by auction.
- Consignment contracts: A customer, as a seller on consignment, signs a consignment contract with the Company, as a buyer on consignment. The ownership of the collateral belongs to the buyer after the consignment contract is inked. The ownership will be returned to the seller upon the collateral redemption within the time specified in the contract. If the seller fails to redeem the collateral within the redemption period (lending period), the ownership of the collateral will completely belong to the Company. In other word, if the customer defaults on this obligation to repay loan for a certain period of time, the Company is entitled to take possession of the collateral without any legal actions required.

(2) Hire purchase contracts: SAWAD Group provides hire purchase loans collateralized by vehicles. A customer is required to transfer the ownership of the vehicle registration certificate and presents the vehicle registration certificate to the Company as collateral. As for a rice combine harvester with no ownership documents, the customer is required to present an ownership certificate issued by the manufacturer and a sale contract as collateral but he or she still remains an owner of the vehicle. If the customer leaves the outstanding balance overdue for specific time, the Company will proceed with the collection procedure. In case the customer defaults on his obligation to repay loan for a certain period longer than the Company's policy, the Company will send a notice to terminate the contract and request that the customer repay debts within 30 days. Failure to do so will results in collateral confiscation. After the Company confiscates the collateral, the customer is given 30 days to redeem the collateral. If the customer fails to redeem the collateral within the specified time, the Company will sell the collateral by auction.

Loan amount classified by legal transactions



Auto title loan classified by legal transactions and contracts	31 December 2017		31 December 2018		31 December 2019	
	million	%	million	%	million	%
Loan agreements	16,752.75	77.71	23,431.57	89.48	32,043.68	97.33
Hire purchase contracts	4,805.80	22.29	2,753.96	10.52	880.16	2.67
<b>Total</b>	<b>21,558.55</b>	<b>100.00</b>	<b>26,185.53</b>	<b>100.00</b>	<b>32,923.84</b>	<b>100.00</b>

In term of repayment period, the Company allows 6-48 installment periods, depending on types of collaterals. For example, the maximum repayment period for loans collateralized by motorcycles is 18 installment periods while loans collateralized by general vehicles, customers are given a maximum of 36 installment periods. As for popular cars, home or land deeds, the repayment period does not exceed 48 installment periods. Finally, in terms of interest, the rates vary, depending on types of collaterals.

#### Commercial Loans and Project Finance

SAWAD Group provides commercial loans and project loans by Srisawad Finance Plc. provides project loans to fill the need for expansion or new business development. Project loans can be provided as a short-term, medium-term, or long-term loan to match with the necessity and suitability of each project.

As at 31 December 2019, there are outstanding commercial loans and project finance amounted Baht 234.62 million

#### Non-secured loans for retails

SAWAD group provides non secured loans by the subsidiary, Srisawad Finance Plc., Fast Money, which was granted licenses by the Bank of Thailand as follows;

##### Consumer Loans

Consumer loans license was granted by Bank of Thailand for Srisawad Finance Plc. which provides services to corporate employees with a wide range of tenors of repayment from short term, medium term, to long term.

##### Personal Loans

FM was granted a license by the Bank of Thailand to provide personal loan services under its control (Personal Loans) since 2011. The Company offers loans only to stable and secured income earners, permanent resident, at least two guarantors in order to minimize the risk. However concerning to minimize risk, the Company now has frozen personal loan since the beginning of 2016.

As at 31 December 2019, there are outstanding personal loans 22 contracts amounted Baht 0.71 million, and not only freeze new personal loans in 2016 but continually contact the existing customers.

Nano Finance

FM was granted a license by the Bank of Thailand to provide Nano finance loan services and the permission to provide loan through Nano finance scheme since April 2015. Not being secured by collaterals, providing Nano finance loans is riskier than offering auto title loans or hire purchase loans for new motorcycles. Hence, the Company offers loans only to person who want to start new business as a franchisee, by focusing franchiser policy, place of business, revenue and expense projection, to consider suitable loans in order to minimize the risk. The FM's income earned by its Nano finance loan segment includes interest income, fees for minimum repayments, contract fees, and penalty fees for late repayment.

To consider approving personal loans, FM focuses on customers' ability to repay debts, analyzing general information and credit data from National Credit Bureau Co. Ltd. For the lending duration, FM allows 24 – 36 installment periods. Customers who fail to settle the installment bills for four consecutive months will receive a warning letter from the Company. If customers or guarantors still refuse to repay debts, FM will proceed with legal actions.

As of 31 December 2019, FM recorded personal loan receivables of 432,267 contracts, with the total receivables valued at Baht 3,416.44 million and lending duration were between 12-30 installment periods.

For effective cost of loan, including interest, fees and penalties, should not exceed 36 percent per annum.

New loans classified by lending durations	2017		2018		2019	
	Million	%	Million	%	Million	%
1 - 12 installment	445.75	64.00	3,052.59	60.62	2,954.48	51.82
13 - 18 installment	147.20	21.13	1,549.75	30.77	2,027.06	35.56
19 - 24 installment	75.05	10.77	397.22	7.89	643.03	11.28
25 - 36 installment	28.54	4.10	36.48	0.72	76.42	1.34
Total	696.54	100.00	5,036.04	100.00	5,700.99	100.00

**Debt Collection Business**

The Company provide debt collection service by the subsidiaries, SWP Asset management and Srisawad Power 2014 which focus on debt collection particularly for secured debts. SWP Asset Management provide debt collection service to the financial institutions, and Srisawad Power 2014 will provide debt collection service for leasing and dealer company.



SAWAD group has networks of branches and experienced staff members across Bangkok, Bangkok's vicinity and other regions nationwide. As at 31 December 2019, the Company had 4,080 branches across the country.

#### Distressed Asset Management Business

In 2015 SAWAD started operating distressed asset management by auctioning financial institutions' distressed asset. Before auction, SWPAM has to due diligence non-performing loans data, analyze, and pricing for auction. After auction, SWPAM will inspect all details of non-performing loans, subrogate, and substitute all non-performing loans to SWPAM's assets. In each auction process, SWPAM will concern and consider succession rate of collection, enforcement, resell, all expense used for collection, period of time to collect and the Company required rate of return.

As at 31 December 2019, the Company had outstanding distressed asset at cost amounted Baht 3,001 million.

#### Comprehensive Credit-Provision Management Consultancy Service

In 2016, The Company established a subsidiary, SWP Services Company Limited (SWPS), to engage in the business of providing consultancy services to implement and manage the credit-provision process from end to end. The focus market consists of companies in the CLMV countries, with the intention of being able to study the markets and prepare for further expansions in the future.

The type of services provided by SWPS includes assisting companies in the banking and financial service industry, and also those engaging in instalment sale arrangements, to manage the credit provision process from end to end. This includes developing and advising on procedures related to customer verification, customer credit evaluation, credit approval, balance collection, and marketing.

#### Deposits Service

SAWAD group provides deposits by Srisawad Finance Plc., offers several types of deposit service such as deposit receipts and promissory notes to general public, corporate entities, foundations and associations. Terms of deposits are at call or ranging from 1 – 36 months. The Company offers appropriate interest rates according to the existing economic condition and in line with the interest rate in the money market as a whole.

As at 31 December 2017-2019, there are outstanding deposits classified by type of deposits as follows:

Type of Deposits	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
At Call	67.69	1.12	404.42	5.56	94.70	1.49
At maturity	6,000.09	98.88	6,869.55	94.44	6,253.63	98.51



Total	6,067.78	100.00	7,273.97	100.00	6,348.33	100.00
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## 2.2 Market and Competition

The Company is in the business of providing collateralized retail loans, with vehicles, land, homes and condominiums as collateral, in the form of hire purchase contract, personal loan, and nano finance, which provides interest income from loans, and interest income from hire purchase. Therefore, financial outlook of the country including interest rates, and yields on government bonds, which affects the Company cost of fund to operate the business, are material factors for the Company business.

### Financial Outlook for 2019

- 1) Interest rate At the Monetary Policy Committee meeting on November 6, 2019, the meeting passed a 0.25 percent reduction in policy interest rates to 1.25 percent per annum, as the Thai economy is likely to grow below the original estimate. This is consistent with the downgrade in the direction of monetary policy of the major economies that reduce the policy rate cut to the average 12-month fixed deposit rate of large commercial banks, down 0.06 percent to 1.39 percent per annum. The average interest rate on loans to large major commercial banks (MLR) fell to 6.15 percent per annum, in consistent with the loan rate cut. However, real deposit rates and real MLR interest rates have increased as inflation slows.
- 2) Lending In 2019, the ending balance of loans at deposit-taking institutions at the end of the year grew by 2.3 percent, slowing down from a 5.9 percent growth by the end of 2018 due to the slowdown in household debt. Business loans fell 0.8 percent following a decline in manufacturing and retail sales, and restaurant services.
- 3) Return on government bond (yield) At the end of the fourth quarter of 2019, bond trading volume increased from the year 2018, while the policy interest rate decreased from 1.75 percent to 1.25 percent. The uncertainty of world economic, effect the government bond yield declined from 2018

### Household Debt 2019

Per information from the Office of the National Economic and Social Development Council in the fourth quarter of 2019, Thai household debt slowed down. Meanwhile, household debt to gross domestic product is likely to increase. Household debt is likely to slow down as mortgage and car hire loans soften, while personal consumer loans are likely to increase in late-year consumption trends and from credit card marketing strategies. The government has measures such as 1) Credit card loans with the minimum income and credit limit stipulated at the borrower's level, 2) Personal loans under supervision by limiting the borrower's income



level at all income levels and limiting the number of providers for borrowers with a monthly income below 30,000 Baht, 3) Car-title loans has been brought under the supervision of the BOT to raise service standards and protect borrowers with access to loans at reasonable prices, 4) Housing Loans, which sets the loan to Value (LTV ratio). In accordance with the outstanding consumer non-performing loans of financial institutions in the fourth quarter of 2019, increased by 16.7 percent from the same period last year, amounting to 2.90 percent per total loan.

### **Thai Economy Outlook 2020**

The Office of the National Economic and Social Development Council expects the Thai economy in 2020 to expand by 1.5% to 2.5%, a decline from 2019, as a result of restrictions from the Covid-19 virus outbreak, drought and budget process delays. Nonetheless, economic expansion is being fueled by the slow improvement of the global economy as it relaxed down on pressure from trade measures, the decline in the risk of no-deal UK isolation and an easing in the monetary policy. The expansion is satisfactory in domestic demand in terms of household spending and private and public sector investment, momentum from government-driven measures, which cover farmers care, low-income individuals, SMEs and the gross-root economy, tourism and private investment sectors. In the midst of the lower-than-usual expansion in the final quarter of 2019, exports are expected to grow by 1.4 percent, private consumption and total investment to grow by 3.5% and 3.6 percent, respectively. Average general inflation is in the range of 0.4 percent – 1.4 percent and accounts are outweighing 5.3 percent of GDP.

### **2020 Thai Interest Rate And Household Debt Trends**

In terms of the directions of Thailand's monetary policy in 2020, in February 2020 the Monetary Policy Committee issued a policy rate cut by 0.25% to 1.00% per annum, as the Thai economy in 2020 is likely to grow much lower than the original estimate and is relatively lower than its potential level. This is due to the outbreak of the Covid-19 virus, the delay of the 2020 fiscal budget process and drought conditions. At the same time, general inflation is likely below the bottom edge of the inflation target framework, and stability of the financial system is at risk of a slowdown in the economy.

In 2020, the number of household debt is expected to continue to increase, indicating that the debt burden is still a fragile issue for some households; in particular, households with commitments to multiple debts, including younger generations who are getting into debt at a faster rate. Resolving this infrastructural issue will require cooperation from many parties.





## Competitions

### Auto title and home-backed loans

The auto loan segment has continued to grow given the nature of loans secured by car registration certificates and attractive returns. This business segment should also benefit from high demand from low income earners who need to reach financing services. The Company projected the number of people seeking financing services at 18-20 millions. On the back of the aforementioned factors, many operators have become more interested in this loan segment. Also, the new car market has become slower after the cars under the first-time car buyer scheme were delivered. Hire purchase loan providers then expanded to the auto-title loan segment as they view that the business generates attractive returns while the competition in the hire purchase segment for new cars is rather intense. Players in the auto title loan segment can be classified into two major customer groups:

- 1) Players focusing on Grades A to B- customers who earn stable incomes: Such customer groups include employees of private firms or state enterprises. Most operators who focus on these customer groups include commercial banks and their subsidiaries, e.g., Krungsri Auto (Car4Cash), TISCO Bank (TISCO Auto Cash), Thanachart Bank: TBANK (Cash Your Car), KBANK (K-Car to Cash), SCB (My Car My Cash), and KTB Leasing (KTBL Car Convenience Cash). This group of players sees cost advantages thanks to their lower financial costs and larger branch networks, as well as stronger capital bases. These players focus primarily on financial documents, emphasizing customers with good financial records.
- 2) Players focusing on below Grade B- customers upcountry: The customer groups in this category include small business operators, factory employees, general workers, farmers and lower-end customers with limited access to funding or loan sources. The funding limitation may be caused by their unfamiliarity with transactions in the banking system, their uncertainty that their loan application will be approved, and their understanding that the loan application at a bank is way too complicated and slow. Financial service providers in this category include CFG Service Co. Ltd, G Capital Pcl., Muengthai Leasing Co. Ltd., and Nim See Seng Leasing Co. Ltd. They consider credit limits, based the customers' data base. Branch officers who are close with the communities go to check the customers' information on site, as well as examining supporting financial documents. Moreover, services include those collateralized by many asset items, including cars, motorcycles, vehicles used for agricultural purposes, land deeds, and etc. These operators focus on the expansion of branches in order to be



close to communities, enabling them to develop relationships with community members and leaders. The operators focus on organizing marketing activities to promote their service brands and improve relationship with communities. As of 31 December 2018, the Company captured market share, with 25 percent of total receivable value in the non-financial institution system.

#### Comparative Details vs. Peers

	SAWAD	Other operators			
		Ngern Tid Lor	Muangthai Capital	Nim See Seng Group	G Capital
Slogan	"Mee Baan Mee Rod Ngern Sod Than Jai"	Ngern Tod Lor	Convenient, Fast, Good Service and Lower interest rate	NA	Sabai Jai
Founded in	2522	2549	2535	2528	2547
Total receivables (million baht)	28,809.33	39,724.13	46,548.32	4,437.56	1,934.09
As of 31 December 2018					
Branch network	All regions	All regions	All regions	Upper North	-- <sup>/2</sup>
<b>Collaterals /3</b>					
- Second-hand cars	✓	✓	✓	✓	✗
- Motorcycles	✓	✓	✓	✓	✗
- Trucks	✓	✓	✓	✗	✗
- Vehicles for agricultural purposes	✓	✓	✓	✓	✓
- Land	✓	✗	✓	✗	✗

Source: BOL and the Company's website

#### Non-secured loans for retails

The competition in the personal loan segment will intensify but the Company will not focus on personal loans. The Company focuses on Nano Finance, from the Bank of Thailand report as at 31 December 2019, there are 40 players in Nano Finance business with total loans outstanding amounted Baht 19,318 million. That means this business can be more expansion. However, if considered FM's competitors, the competitions are in lower level and FM's competitors will focus on specific area while FM can offer Nano finance loans covered all region of Thailand

**Debt Collection Business**

Many debt collection companies and law firms have competed in the industry; therefore, the competition is rather intense. However, with its extensive branch networks across the country, SAWAD can enjoy cost advantages over its peers.

**Distressed Asset Business**

At present, there are many asset management firms including state owned asset management company, asset management companies under Bank's arms and private asset management company. However SWPAM will join auction the selected and encountered with the Company's experience portfolio, moreover ,nationwide coverage branches can thoroughly contact the debtors. And economic growth rate is lower than expected, drought crisis made agricultural industry cannot widely growth and may increase number of non-performing loans.

**Comprehensive Credit-Provision Management Consultancy Service**

In this line of business, there is currently no other company engaging in providing comprehensive advisory services on credit provision management. The target market in Myanmar is expected to increase over time due to the rising consumer needs for credit. If there is no new direct competitor, SWPS should be able to continue its growth in the foreseeable future.

**2.3 Procurement of products and services****Sources of Fund**

The Company's funding comes mostly from short-term and long-term borrowing from financial institutions at Baht 5,296.05 million accounting for 13 percent of the total funding sources. The figure suggests that the Company is rather highly dependent on borrowing from financial institutions. Nonetheless, the Company also has bills of exchange, debentures offered to institutional investors or high net worth investors, deposits for use as working capital and a means to inject liquidity to the Company; these accounted for 44 percent of the total funding so, as of 31 December 2019. Moreover, the Company also has funding from shareholders' equity at 43 percent of the total funding

Source of funding	31 December 2016		31 December 2017		31 December 2018	
	million	%	million	%	million	%
Deposits	6,067.78	19.86	7,273.97	20.23	6,348.33	15.04
Debt securities issued	6.00	0.02	6.00	0.02	6.00	0.01



Source of funding	31 December 2016		31 December 2017		31 December 2018	
	million	%	million	%	million	%
Short-term loans from financial institutions	1,700.00	5.56	3,400.00	9.45	923.52	2.19
Bills of exchange	600.00	1.96	650.00	1.81	980.00	2.32
Obligations under finance leases	70.74	0.23	48.45	0.13	21.84	0.05
Long-term loan for investment in receivables	-	-	338.83	0.94	-	-
Long-term borrowings from financial institutions	4,119.44	13.48	3,445.83	9.58	4,372.53	10.36
Senior debenture	8,565.00	28.03	8,935.08	24.85	11,220.29	26.58
Shareholders' equity	9,426.83	30.86	11,862.86	32.99	18,338.37	43.44
<b>Total</b>	<b>30,555.79</b>	<b>100.00</b>	<b>35,961.02</b>	<b>100.00</b>	<b>35,961.02</b>	<b>100.00</b>

As for future funding, the Company has a policy to find funding to suit the purposes. The Company also takes account of the repayment period and the debt to equity ratio.

#### Characteristics of the products or services

##### 1. Characteristics of customers and customer targets

SAWAD Group has a policy to offer loans only to retail customers, not those in the big corporate sector. The Group's customer targets include Grade B- customers, including factories' workers, general workers, state employees, and etc. Potential customers must own collaterals and the sources of their income should be clearly specified and verified by financial documents. A customer/a guarantor is required to submit supporting documentation for loan approval process, including a copy of ID card, a copy of house registration document, and a pay slip or a salary certificate.

For debt collection business, customer targets are leasing company and financial institutions, which SAWAD group has expertise in secured loans especially auto backed loans.

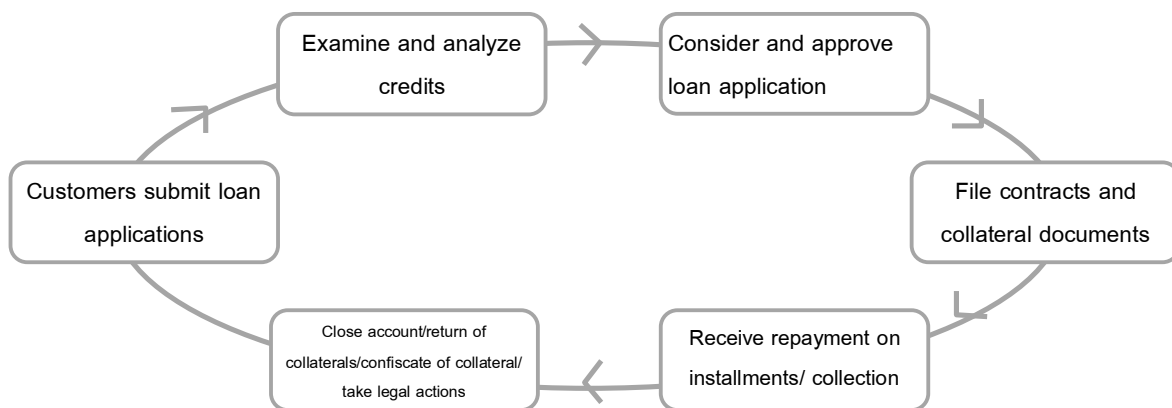
##### 2. Loan Approval Process

Auto title and home-backed loans, non-secured loans and Sale of Merchandise on a Credit Sale Basis



Considering approving loan applications, the Company emphasizes the qualifications of the customers and/or guarantors to assess their repayment ability. Also, the quality of assets placed as collaterals and the repayment ability of the guarantors are taken into account. The staff members at branch offices carefully examine the information and identification of the potential customers as well as the documents showing their income as well as their guarantors'. Moreover, the staff also carries on inspections on site. In terms of asset quality appraisal, the Company has an effective team working on examining the conditions and the liquidity of the collaterals to determine credit limits. For vehicles, the examining team considers types, ages, models, brands, physical conditions and popularity. Generally, the Company offers auto title loans for cars aged not more than 15 years and motorcycles aged not more than five years. As for commercial vehicles, such as tractors and harvesters, or over-aged vehicles, the Company considers physical conditions on a case-by-case basis. Over 80 percent of the total collaterals are vehicles with average ages between 2-14 years. For home and land collaterals, the Company conducts the asset valuation, based on the appraisal values given by the Land Department as well as the market prices of the property nearby.

#### Loan Approval Process



#### Lending Approval Process

A customer who needs loans from the Company is welcomed to contact staff members at all branches. An application form shall be accompanied by supporting documentation from both the customer and a guarantor (if any), including a copy of ID card, a copy of house registration, financial documents, e.g., a salary certificate, a copy of passbook, the documents proving the ownership of the collaterals, e.g., an original car registration certificate, an original land deed. Following the documentation process, an officer explains details about the loans, the credit limit, the interest rate, and the installment periods. Once the



customer agrees on terms and conditions, the officer accordingly records the information of the customer and the guarantor (if any) in a loan application form.

#### Loan analysis process

The branch staff in charge checks the accuracy of the identification documents as well as financial documents of the customer and the guarantor (if any) and then examines the overall conditions of the collateral and verifies the documents showing the ownership of the collateral. The officer will do the inspection on site to verify the accuracy of the documents and the existence of collateral before checking with the Company's data base. In case a motorcycle is put as collateral, the branch staff focuses on verification of the ownership document because doing inspection on site requires high cost when compared to the credit limit. After gathering all supporting documentation, the staff in charge completes a report about the customer and the guarantor (if any) in order to assess their ability to repay loan, the credit limit, and terms and relevant conditions. Finally, the report is submitted to the authorized officers in charge of final loan approval.

#### Loan Approval Process

In approving loans, the Company set rules for officers authorized to approve loans, depending on the credit limit levels as well as the types of collaterals. Authorized officers include those in the positions of deputy branch manager, area manager, region manager, director of loan management department, management and Company's directors.

If the information for loan approval meets the criteria for the Company's loan approval, the authorized officers inform the branch offices of the loan approval result and the branch offices then inform the customers accordingly. Provided that the loan application and supporting documentation are completed, the Company takes 30 minutes to consider approving loans with motorcycles and four-wheel vehicles as collaterals and one day for home-backed loans; this depends on the credit terms and conditions.

Once a loan application is approved with the branch's authorized credit limit of not exceeding Baht 30,000, the branch can extend loan in cash to a customer immediately. In case the credit limit is higher than the branch's authority, the branch staff will submit all documents including the credit limit letter, the money-transfer request form, the report of examination of the car, the house registration book, the copy of ID card, and the copy of passbook to the loan management department to verify the transaction, the details of collateral, and the credit terms and conditions with the data base once again before transferring money directly to the customer's account in accordance with the bank's procedure. Following the money transfer transaction, the staff will submit all money transfer documents to the account department on a daily basis so



that the account department will cross check to ensure that the information in the money-transfer form and the loan application from match the information in the data base, e.g., the customer's name, the credit limit, the lending duration. Once every detail is double-checked, all information is recorded accordingly.

#### Contract and Collateral Filing Procedure

An area manager in charge verifies the contract and collateral documents prepared at a branch before sending all the documents to the head office within 30 days from the month end. After the documents arrive at the head office, the registration department will verify all documents once again. If the documents are found incomplete, the head office will notify the branch and the area officer at charge so that they can have the document complete. The officers at a special document room will copy all documents in order to make a back-up file in case the original documents are lost.

#### Cash Repayment and Collection Procedure

Branches and the credit development department oversee repayment transactions and debt collection. Customers will be given a card identifying a contract number, the installment amount, and a due date and they can repay debts at specified payment channels. The Company's Call Center and branch staff closely monitor customers' repayment. In case of one-week overdue, a staff at the head office will send a reminding message to the customer's mobile phone. Customers can pay the bills at the Company's branches, Counter Services, and service counters at Krung Thai Bank, Bangkok Bank, and Kasikorn Bank across the country. Customers shall receive repayment evidence for every transaction, either in a form of a receipt issued by the head office's system or a temporary receipt issued by a repayment service provider.

#### Account Closure or Enforcement of Collaterals

Once a customer repays all debts as stated in the contract, the head office will issue a letter certifying the complete repayment and return the collateral ownership documents as well as other related documents so that the customer can either receive the transfer of collateral ownership or redeem the collateral right away.

In case a customer defaults on his obligation to repay loan, the Company sets rules for the collection procedure in accordance with types of collaterals. When the customer begins to default on his obligation to repay loan, a collection staff will begin the collection procedure. The major strategy is phone calls: a collection officer at the head office calls up the customer with the call details being recorded in the system. In case the customer cannot be reached or the customer leaves the outstanding balance overdue beyond





the Company's permission, a branch officer will begin to follow the customer. If no action is taken by the customer, the head office will send a registered letter notifying of the termination of the loan agreement. If the customer fails to make the repayment within 30 days from the notice date, the branch is entitled to confiscate the collateral. In this case, the customer is still allowed to redeem the collateral within 30 days after the confiscation date. After the specified timeframe, the Company is entitled to sell the collateral, with the price being based on the market price, the vehicle conditions vs. the remaining balance. The Company tries to sell the assets as fast as possible because the longer the time the lower the prices; this would negatively impact the Company's operational performance.

In case of a loan agreement collateralized by a land deed, if a customer fails to redeem the deed within 30 days, the Company will file a lawsuit so that it can proceed with the sale by auction afterwards. As for a consignment contract, if a customer fails to redeem the collateral within the specified time, the ownership of the collateral will completely belong to the Company, as a complete seller on consignment.

#### **Debt Collection Business**

- Phone calls

SAWAD proceeds with debt collection on customers who default on loan repayment from one installment period onwards. SWPAM's clients will send lists of targets. The first collection step involves phone calls, with conversation recorded. In case the telephone conversation between SWPAM's staff and a debtor becomes more violent, a senior staff with more experience will take over the conversation and continues to negotiate with the debtor.

- Enforcement of collaterals

In case, a client hires SWPAM to proceed with enforcement of collateral, the company will have to locate debtor and the collaterals. After that, the company will send details of the debtor to the branch located the nearest to the debtor. Then, the branch staff will proceed with enforcement of collateral; all practice is carried on under the scope of law.

#### **Distressed Asset Management Business**



After purchased complete, SWPAM will send substitution letters to all NPLs and let them to negotiate and find the conclusion to restructure their loans with many alternatives as follows:

- Adjust installment term or condition
- Voluntary transfer asset to settle loan
- Re-finance
- Legal prosecution
- Collateral auction

#### **Comprehensive Credit-Provision Management Consultancy Service**

The company relies on the base of employees who are experts in the credit provision business to provide advice on the customers' operation. The analysis observations and recommendations from the review by these industry experts would allow the customers to increase the efficiency and effectiveness of their processes.

### **3. Competitive Strategies**

The competition in the business is currently intensified both from the existing players and new players who were initially engaged in the hire purchase segment and then wanted to expand their business to the auto loan segment. Nonetheless, the Company does not intend to lower prices, but it rather focuses on the following strategies:

- *Fast Service and Management*

The speed of loan approval process is one of key factors for operation in the secured-loan segment as it is a key factor taken into account by customers before choosing loan providers. SAWAD's credit officers at all branches can manage to inform customers of the approval results within 30 minutes for loans collateralized by motorcycles. This fast approval speed makes the Company become a competitive provider in the industry.

- *Comprehensive lending policy*

Despite the customer target in the B- Grade with rather limited access to financial services provided by banks of financial institutions, the Company always focuses on careful loan application approval process, especially in terms of information verification. Credit officers at branches ensure the accuracy of supporting loan application documents and also confirm the identification of the customers and their guarantors by inspections on site. Photos of actual locations of customers' residents and work places are taken. The



Company bears in mind that the customer information is very crucial to loan application approval and loan collections.

- *Effective Credit Management*

SAWAD Group emphasizes effective loan management, starting from the loan application approval process until the collection process. The Company focuses on offering loans to customers who reside or work within a boundary of 20-30 kilometers away from branches, enabling the officers to verify customers' information and proceed with debt collections in prompt manners. With effective credit management, the Company's NPL to total loan ratio stood at 2.97 percent as of 31 December 2019.

- *Competitive coverage*

As of 31 December 2019, the Company's branch network was larger than its peers' coverage. The Company has a plan to add a minimum of 50-100 branches per annum to the branch network in order to expand the sale channels. The Company focuses on expansion at locations near communities with easy access to commercial banks.

- *Nationwide coverage*

The extensive service coverage network enables the Company to enjoy competitive advantage over its peers. As of 31 December 2019, the Company's coverage network included a total of 4,080 branches. Hence, the Company can manage to utilize its capacity for lending, handling repayment transactions, pursuing collection practices and verifying information of customers/guarantors in prompt and effective manners. In addition, the Company can also effectively take action in case of debt defaults or outstanding balances overdue.

- *Focus on effective recruitment process as well as continued training*

In response to the rapid branch expansion, the Company increases recruitment channels by recruiting directly from education institutions. Moreover, the Company also regularly organizes trainings on products and related services, e.g., credit and financial training, training on information about land. Moreover, the Company also focuses on the importance personnel development. Not only can the branch staff members provide lending services, they can also work on debt collections, sale of forecast assets as well as launches of marketing strategies.

- *Public relation promotion with a focus on close relations with communities*



The Company has a policy to have branch officers and agents promote services and products as well as organizing public relation activities in order to widen brand awareness. The Company focuses on marketing activities aimed at tightening relationship with people in the communities as well as general customers. SAWAD highlights service quality, friendly atmosphere, prompt and convenient services. Customer satisfactory is regularly surveyed through telephone calls or visits.

- *Varieties of Service*

The Company offers varieties of financing services including many collateral items, such as personal cars, commercial cars, e.g., motorcycles, personal cars, pick-up trucks, tractors, rice harvesters and etc. With loans collateralized by the aforementioned collateral items, the Company's services can serve a wide range of targeted customers.

#### 4. Pricing Policies

The Company does not a policy on price competition, i.e., cutting interest rates. It rather considers lending based on types of collaterals as well as qualifications of customers and/or guarantors. The Company's funding cost and operating cost is set at a certain level that enables the Company to remain profitable and competitive. Thus, SAWAD does not have a policy to provide lending services below funding costs.

As for credit limits for all collaterals, the Company approves credit limits at 30-70 percent discounts from the market prices, depending on types of collaterals, models, years of manufacturing, and popularity. The loan management department reviews credit limits every six month or when the market sees significant changes in overall conditions. Meanwhile, the Company also identifies of the installment amounts and installment periods, taking into account customers' ability to repay debts. However, the installment periods do not exceed 48 periods.

For loans collateralized by land or home deeds, the Company considers credit limits, based on the value of land and buildings (if any). The credit limits are based on the appraisal prices given by the Company's appraisal team, details of contracts, and locations of the collaterals. For example, if the collateral is land in community area, the credit limit is higher than the land in other areas.

#### 5. Sale and service channels

Customers are welcomed at all branches across the country. As of 31 December 2019, the Company's branch network included a total of 4,080 branches. The branches open Mondays to Fridays, 08.30 – 16:30



hrs. , and Saturdays, 08:30 – 15:30 hrs. The staff members at all braches organize public relation and sale promotion activities on a monthly basis in order to introduce services to potential customers in the community. In regard to payment channels, customers can settle installment bills at all branches, Counter Service, service counters of Bangkok Bank, Krung Thai Bank, and Kasikorn Bank. Customers only show the identification card indicating the contract number so that staff can record the repayment transactions and issue receipts.



### 3. Risk Factors

The risk factors discussed below are based on the assessment of the current situation. Apart of the risk factors below, there may be other risky issues that the Company is unable to predict at the present time or that the Company deems that the issues shall not have any impacts on the overall operation. It should be noted that the risk factors linked to the economic situation as well as the government's policies are based on the information disclosed by government agencies and reliable sources. Also note that the Company does not verify the accuracy of such information. Investors are, therefore, advised to make a cautious decision before investing in SAWAD.

The Company and its six subsidiaries, namely Fast Money Co., Ltd (FM), SWP Asset Management Co., Ltd.(SWPAM), Srisawad Power 2014 Co., Ltd. (S2014), Srisawad Finance Plc. (BFIT), P Lending Co., Ltd., Srisawad International Holding Co., Ltd.(SIH) and SIH's three subsidiaries, namely SWP Services Co., Ltd., Srisawad Vietnam LLC and Srisawad Leasing Laos Co., Ltd. (which are called SAWAD Group), offer secured retail loans. SAWAD Group provide secured loans collateralized by auto titles, homes and land deeds, non-secured loans, debt collection service and distressed asset management business for which the firm purchases NPLs from other financial institutions, comprehensive credit-provision management consultancy service and credit sales.

Risk factors in SAWAD Group's business operation that may have a significant impact on investment returns for investors as well as potential strategies to prevent the risks are discussed below.

#### 3.1 Risks in regard to marketing and strategies

##### 3.1.1 The risk of competition in the auto title loan and hire purchase loan segments

The auto title loan and hire purchase loan segments see intense competition, both from the existing players and new comers. Most new operators penetrating the business are financial institutions who enjoy competitive advantages from lower financial costs and larger capital base. These operators, including commercial banks or their subsidiaries and hire purchase or leasing firms engaging in auto title loans and hire purchase loans, see good potentials for attractive returns. In addition, the auto title loan and hire purchase loan segments do not require large investment in operating equipment, and neither do they need operating licenses from a particular government agency. Hence, new comers can easily penetrate the business, without any limitation, as they need only some funding sources for offering loans to customers. Given this favorable business condition, more and more new players begin to compete in the industry. In addition to the aforementioned competition from the new players, the existing ones also attempt to come up with marketing strategies to beat one another. For instance, they offer bigger credit limits, extend repayment duration, and offer low interest rates in order to attract potential customers.



It is worth highlighting that the success factors do not depend solely on sufficient funding. With its long experience of 40 years in the business, SAWAD Group understands its customer groups very well, so the Group is able to provide services that well suit customers' demand. The Company's service coverage is across the country, with service networks covering all regions nationwide. As of 31 December 2019, SAWAD Group's branch networks included 4,080 branches. The Company provides fast and effective services, with a large system for its customer-related data base. In addition, SAWAD also possesses expertise in loan approval procedure as well as loan collections. As a result, the Group enjoys competitive advantages over its peers and is able to examine loan applications efficiently. Moreover, most commercial banks or the firms under the umbrellas of commercial banks focus mainly on the new auto market while hire purchase or leasing companies emphasize on providing services for buyers of new cars or used cars in the upper and middle market segments. On the contrary, SAWAD group focuses on different customer groups by offering auto-backed loans and home-backed loans to potential customers who may be unable to access financial services offered by commercial banks or those under banks' umbrellas but they own vehicles and property.

### **3.1.2 The risk in regard to competition in the personal loan segment**

The personnel loan segment has seen fiercer competition. The fact that the interest rates and fees in this loan segment are higher than those from credit card loans attracts both financial institutions and non-financial institutions to enter the business. While SAWAD Group is well aware of the risk of higher competition, the firm believes the risk will not have any significant impact on its overall operation given that the Group focuses on Grade B customers including government officials, state enterprises' employees and village heads, unlike other financial institutions that focus on Grade A customers. SAWAD Group understands well about the nature and repayment behaviors of its target customers. Also, the Company's staff teams are available to provide services and launch marketing strategies to reach target customers nationwide. Hence, the Company is very confident in its competitiveness. However the Company freeze personal loans from the beginning of 2016. In the year 2017, the Company also took in Srisawad Finance Public Company Limited as part of the group, where personal loans are granted to employees of private companies. The credit approval process for these individuals also takes into consideration the financial health of the related companies as well. The logic is that as long as the company is doing well, the employee's income should be stable, and thus the ability to pay back the loan should be secure.

### **3.1.3 The risk in regard to competition in Nano finance loan segment**

Nano finance loan business is stipulated by Bank of Thailand and Ministry of Finance for individuals seeking to borrow without collateral to use for business operation. There are many corporates interest and apply to





enter this business, that means the competitions will be more extreme. Also government policy which will grant PICO finance license for local operators in each province.

SAWAD Group is confident in its networks of branches and staff members across Bangkok, Bangkok's vicinity and other regions nationwide with the larger coverage. Moreover, the present number of firms permitted to operate this business is 40 firms, and the PICO finance will have been limited with areas and credit limit. The Company is confident that the Company's Nano finance license can cover more areas and lower cost of funding.

#### **3.1.4 The risk in regard to the competition in the debt collection business**

At present, there are a large number of players in the debt collection business, including local players. This leads to more intense price competition and the nature of debt collection practices of some operators may lead to some complaints.

SAWAD Group is confident in its potentials, which board networks of branches and staff members across Bangkok, Bangkok's vicinity and other regions nationwide. The Company assigns highly-experienced debt collection staff to base at extensive branches and this strategy enables the firm to save collection costs. The Company also ensures that its debt collection staff members are well trained, as required by the law, before they are assigned to perform their duties.

#### **3.1.5 The risk in regard to the competition in Comprehensive Credit- Provision Management Consultancy Service**

In this line of business, there is currently no other company engaging in providing comprehensive advisory services on credit provision management then the competition will not extreme. However in the future, the customer will have more experience to do business and terminate our service.

The Company has considered risk that customer no longer use our service, but the target market in Myanmar is expected to increase over time due to the rising consumer needs for credit. In the mean times the Company has considered to expanse this service to other neighborhood country.

### **3.2 Risks in regard to loan management and collateral**

#### **3.2.1 The risk of Conflicts of Interest**



Subsequent to the acquisition of shares and the Tender Offer to purchase all securities of Srisawad Finance Public Company Limited ( “BFIT”) by Srisawad Corporation Public Company Limited ( “The Company” or “SAWAD”) in April 2017, the Company and BFIT, subsidiary, SAWAD held 45.34 percent of BFIT total paid-up shares, undertake the restructuring of businesses within the group in order to create opportunities for future business growth. Whereby, BFIT has extended its lending business from personal loan to corporate employees to collateralized loan to small SMEs and retail individuals that is not overlapped with the businesses currently operated by Srisawad Power 2014 Company Limited ( “S2014”), a wholly-owned subsidiary of SAWAD, in order to clarify the Group business structure and eliminate conflicts of interest.

According the Tender Offer Statements concerning the Company’s future business plan after completion of the Tender Offer, in the event that the Company can hold between 36.35 and 60 percent interest in BFIT, the lending business to be operated by BFIT shall not overlap with S2014, which shall be separated by type of collateral. In this regards, BFIT will operate the lending collateralized by vacant land and house, and the 4-wheeled vehicles, whilst, S2014 will offer the lending secured by motorcycle, trucks, and agricultural vehicles.

The Group’s revised business plan shall affect the following lending products of BFIT: Car for Cash and Home for Cash services. After amending to re-separate the business between SAWAD and BFIT, the lending entity for Car for Cash product will be determined by type of contracts (Loan/Hire Purchase). Whilst, Home for Cash will be determined by transaction type (Mortgage and Sale with redemption right) and loan value (exceed/not exceed Baht 10 million). The amendment of the Group business plan will impact and change BFIT operation as previously stated in the Tender Offer documents.

However, the Group Companies is confident that the revised business plan will not create conflicts of interest as the Company has prepared to develop clear criterion to determine the lending entity and has promptly established reliable measures to prevent potential conflicts of interest, as follows:

#### **1.1 Develop Clearly Written Work Instruction, Policy, and Business Separation Criterion**

The Group Companies has developed clearly written work policy and instruction to provide effective guidance for the separation of business between BFIT and S2014, as follows:

**Car for Cash** – Use Rate Book to determine type of contract



- ▶ S2014 will offer the lending service through Hire Purchase contract, which is determined by loan amount that is equivalent or more than the Rate Book, where the client shall transfer ownership of the vehicles to S2014.
- ▶ BFIT will offer the lending service through Loan contract, which is determined by loan amount that is less than the Rate Book, and the client is not required to transfer ownership of the vehicles to BFIT.
- ▶ The clients will indicate their own financial needs and shall enter into the contract suitable to their choices, that is, if the desired loan amount is high, the clients will need to enter into Hire Purchase contract and shall transfer the ownership of vehicle to S2014. If the desired loan amount is low, the clients will need to enter into Loan Contract with BFIT which does not require to transfer the title of vehicle.

In practice, branch staffs, who seek for and get contact with the client, will refer to standard loan amount as stipulated in the Rate Book applicable at the time. Rate Book will provide standard loan amount for each type, brand, model, and year of vehicles. Nevertheless, the pre-approved credit limit shall never exceed the rates stipulated in the Rate Book.

Standard loan amount per the Rate Book will then be compared with the client's desired loan amount in order to determine contract type to be entered. If the desired loan amount is lower than the Rate Book, the client will need to execute Loan contract with BFIT, but if the desired loan amount is equivalent or higher than the Rate Book, the client will execute Hire Purchase contract with S2014. The credit limit of each borrower is determined by creditworthiness of the borrower and the guarantor as well as the quality of collateral and other factors.

**Home for Cash – Use transaction type and loan value of Baht 10 million to determine the lending entity**

The basis used in determining the lending entity for Home for Cash service or loan secured by house, land, and condominium is transaction type and loan value of Baht 10 million, which is referred from the Bank of Thailand's supervision on Housing Loan, which rule outs the lending criteria for the residences price up to and exceed Baht 10 million separately based on different inherent risks.

In the practical lending process, the branch staffs will consider the fair price of house and land as appraised by Group internal staffs, and the government's appraised price for land, in order to determine the fair price of collateral before adjusting according to Loan-to-Value policy of the Company in order to



derive pre-approved credit limit. If the loan value does not exceed Baht 10 million, the clients will enter into Loan contract with BFIT. If it exceeds Baht 10 million, the Loan contract shall be executed with S2014, where the loan amount shall be always within the pre-approved credit limit.

## **1.2 Regularly Review Business Separation Criterion and Ensure Audit Committees Approval Before Effective**

Announcement of the Rate Book for Car for Cash and the Baht 10 million basis for Home for Cash service are under the responsibility of the Collateral Committee, which is a unit independent of the Credit Department. The Collateral Committee is responsible to review and ensure appropriateness of the Rate Book that is effective at any point in time. The Rate Book will be reviewed on a quarterly basis and adjusted in accordance with changing market of the used cars.

The Group Companies has established key policies to review the basis used in determining the lending entity, as follows:

- ▶ Rate Book shall be reviewed at least every quarter, and, when necessary, shall be revised in accordance with market changes.
- ▶ Once the Rate Book is mutually agreed by both parties, it shall be proposed to the Audit Committee of each entity for approval. For BFIT, the internal audit team will be responsible to reconfirm and justify the adjusted items on the Rate Book by comparing to the current market price of used cars, and report the audit results to the Audit Committee for their consideration and approval.
- ▶ Without approval from the Audit Committee by both parties, the Rate Book cannot become effective. In such event, both parties will need to reconsider and fine tune appropriate rates to be used in the Rate Book.

## **1.3 Use Conflict Checklist Form to Assist in Business Separation**

Branch staffs are required to use Conflict Checklist Form to assist in determining appropriate type of contract to be entered by the client in accordance with the Group lending policies. The branch staffs are required to attach the Conflict Checklist Form with a copy of Rate Book prior to sending all relevant loan documents to the Credit Department for approval.

## **1.4 Review and Reassure the Appropriateness of Contract Type by the Credit Department**

Credit Department will conduct the review of loan application to justify the appropriateness of loan offered by the branch staffs prior to signing approval, as follows:



- ▶ Branch staffs will verify completeness and accuracy of loan application and determine pre-approved credit limit for the borrower, by comparing the desired loan amount with the standard loan amount per the Rate Book, in order to identify appropriate type of contract to be entered by the borrower (Loan/Hire Purchase contract)
- ▶ If the borrowers are qualified for Loan contract with BFIT, loan application and relevant supporting evidences will be scanned into the system and sent to the Credit Department. The Credit Department will review and confirm appropriateness of the pre-approved credit limit against the Rate Book before signing approval.

#### **1.5 Prepare Monthly Credit Approval Report for Management Consideration**

The Company has established a procedure to monitor inappropriate actions which wrongly define the lending entity. At the month end, the Credit Officer shall prepare a credit report to compare credit limit and standard loan amount per the Rate Book for the top Management consideration.

#### **1.6 Regularly Perform Internal Auditing at Branch Office**

The Company's internal audit team will conduct proactive audit at each branch on a rotating basis to ensure appropriateness and effectiveness of business separation, and report any inappropriate actions to the Audit Committee. Such internal audit activities have been included as part of the Company's annual audit plan.

#### **1.7 Ensure Approval by the Audit Committee Before Rate Book Becomes Effective**

The Audit Committee has the ultimate responsibility to review appropriateness of the revised Rate Book and approve it before effective. The Audit Committee will also consider other connected transactions or the transactions with potential conflicts of interest and ensure that the transactions are reasonable and in the best interest of the Company, and the disclosures of which have been made accurately, completely, and in compliance with the requirement of the SET and relevant regulations.

#### **1.8 Develop Information Technology System to Assist in Defining the Lending Entity**

The Group Companies has planned to implement a new IT system to support the separation of business between SAWAD and BFIT, particularly for loan approval process. The newly-implemented IT system is aimed to reduce roles of the branch staffs, which is the point at which the conflict of interest may arise. The new IT system will enable the Company to reduce most of the daily human errors and define clear



process for determining the lending entity. The plan to implement new IT system was included as part of the plan to establish a financial business group proposed to the Bank of Thailand.

At present, the Company is in process to develop the new IT system. Nevertheless, it may take at least 3-5 months ahead to ensure that the newly-developed system has worked reliably and functionally according to the purpose.

### 3.2.2 The risk of higher NPLs

At present, the auto title loan and hire purchase loan businesses are not under control by any particular state agencies or regulations. Hence, operators are able to expand their business at their full potentials. They are thus at high risk of seeing greater non-performing loans (“NPL”) if they lack of cautious loan approval process or effective internal control system.

However, the Company is very cautious about examining loan applications and emphasizing loan quality. The Company thoroughly examines the information of the customers and their guarantors. Reports on evaluation results for customers’ repayment ability are carried out regularly. As of 31 December 2019, the Company saw NPLs amounting to Baht 1,077.84 million, increasing from Baht 776.90 million as of 31 December 2018. The increase in NPLs was in line with the rise in total loans. Meanwhile, the NPL ratio increased from 2.64 percent as of 31 December 2018 to 2.97 percent as of 31 December 2019, in tendon with overall loan growth. Regarding the allowance for doubtful accounts, as of 31 December 2018 and 31 December 2019, the Company set aside the allowance for doubtful accounts amounting to Baht 623.67 million and Baht 432.89 million, respectively, implying coverage ratios of 2.12 percent and 1.19 percent, respectively. While the loan provisions are lower than NPLs, the Company views that the provision position is appropriate given that the Company offer secured loans and the loan to value ratio (LTV) is rather low at 30-70 percent.

During 2017-2019, the Company’s bad debt stood at only Baht 244.35, 323.46 and 599.85 million, equivalent to NPL ratios of only 0.71 – 1.65 percent, lower than the coverage ratios for the years at 1.19 – 2.43 percent.

In other words, the Company has set aside sufficient loan provisions to cover NPLs.

Unit: Million	31 Dec-17	31 Dec-18	31 Dec-19
NPL <sup>/1</sup>	645.66	776.90	1,077.84
Total Loan <sup>/2</sup>	22,148.96	29,433.00	36,341.00
<b>% of NPL to total loan</b>	<b>2.91</b>	<b>2.64</b>	<b>2.97</b>
Loan loss provision	537.59	623.67	432.89



<b>% allowance of doubtful accounts to total loans</b>	<b>2.43</b>	<b>2.12</b>	<b>1.19</b>
Bad Debt	244.35	323.46	599.85
<b>% NPL to total loans</b>	<b>1.10</b>	<b>1.10</b>	<b>1.65</b>
<b>Allowance of doubtful accounts to total loans to NPLs (time)</b>	<b>2.20</b>	<b>1.93</b>	<b>0.72</b>

Note <sup>1</sup> NPLs mean loans which the Company stops realizing revenue according to revenue realization policy

<sup>2</sup> Total loans mean the amount of loans stated in the loan agreements and hire purchase contracts deducted by interests not yet booked as income.

### 3.2.3 The risk in regard to loan agreements and collateral documents being lost or damaged by fires

Loan agreements and documents identifying the ownership of collaterals are major assets for the loan service business. In case customers fail to make repayment for the outstanding balance overdue, the Company needs to use such agreements or documents for further legal actions. Loss or damages of such loan evidences due to fires may have negative impact on the Company's operation.

Realizing the risk of loss and damage of loan evidence, the Company thus comes up with measures to reduce the risk by setting up a special document room for keeping loan agreements and collateral documents in order to speed up the operation process because the loans linked to motorcycles are short-term loans with low credit limits. Entry to the special document room is very strict, with fire insurance being put in place. Moreover, the Company also keeps all documents in an electronic form, with all data being backed up at a separate location on a daily basis in order to prevent damages from any causes.

### 3.2.4 The risk of possible failure to confiscate collaterals

Most collateral items are cars and motorcycles and these items are more difficult to confiscate, in case customers fail to repay debts, than other collateral items, e.g., deeds of housing units, land, and etc. If the Company is unable to confiscate and sell the collateral in compensation of unpaid debts, this will have a direct negative impact on the Company's business operation, financial position, and earnings performance.

To reduce the risk, the Company has a policy to extend loans to individuals and/or collateral and/or guarantors residing in the same areas where the Company's branches are located. Moreover, the Company's credit staff are also assigned to examine the information on site, i.e., the addresses identified by the customers, in order to double check the existence of the collateral. In case the customers fail to settle the monthly installment bills, the Company will assign its staff in charge to follow the customers and confiscate the collateral afterwards. The staff will promptly take action in order to prevent the customers from running away with collateral. It should be noted that the Company also benefit from its extensive branch network that included 2,900 branches nationwide, allowing the Company to locate the collateral more easily.



### 3.2.5 The risk in regard to inability to sell foreclosed assets

According to the nature of the auto title and hire purchase loan businesses, once a customer fails to settle the installment bills for three consecutive periods, the Company will send a letter notifying that the contract will be terminated should the customer does not repay the debts within 30 years from date (for the hire purchase contracts) or seven days (in case of the loan agreements). If no action is taken by the customer within the identified timeframe, the Company is entitled to confiscate the collateral. After that the Company will issue a letter notifying the customer to redeem the collateral within 30 days, both in cases hire purchase and loan agreements. If the customer is not present to redeem the collateral within the specific timeframe, the Company is entitled to sell the collateral. At present, the Company sells foreclosed assets through several sale channels including branches for selling motorcycles, and warehouses for keeping confiscated cars. In addition, the Company also hires a private auction organizer to organize auctions for people who may be interested in buying confiscated motorcycles. The proceeds from the sale of confiscated collateral will be used for covering the outstanding balance. If the Company is unable to sell the confiscated items, this will have a negative impact on its financial position and operational performance.

The Company decides to extend loans to customers, considering the popularity of the vehicles in the market or the locations of the land in order to reduce potential impact of the lack of liquidity from the sale of confiscated collateral. After confiscating the collateral, the Company's staff will keep the items and sell them to the Company's selected counterparty by tranches at net asset value price.

The pricing of confiscated collateral is based on the remaining value of the outstanding balance, which is normally lower than the market price. Hence, the selling prices of confiscated collateral items are normally lower than the market prices, increasing more liquidity to the sale transactions.

Foreclosed assets classified by types of collaterals	31 December 2017			31 December 2018			31 December 2019		
	Value (million)	Quantity (unit)	Average value (Baht/unit)	Value (million)	Quantity (unit)	Average value (Baht/unit)	Value (million)	Quantity (unit)	Average value (Baht/unit)
Old motorcycles	72.66	5,637	12,889	123.32	11,370	10,846	136.46	13,915	9,807
New motorcycles	3.38	95	35,578	2.38	66	36,086	2.23	62	35,929
4-wheel vehicles	137.79	1,195	115,305	199.79	1,784	111,992	267.74	2,471	108,352
Commercial cars	22.06	130	169,692	46.79	258	181,370	60.06	329	182,561
Vehicles for agricultural uses	1.84	8	230,000	1.64	6	272,963	1.68	6	279,560
Home and land	17.67	17	1,039,411	24.33	22	1,105,814	36.01	34	1,059,091
	255.40	7,082	36,063	398.25	13,506	29,487	504.17	16,817	29,980





It is found that most of the foreclosed assets are used motorcycles, with an average unit value of Baht 9,807.

### 3.2.6 The risk that the sales of foreclosed assets not covering the unpaid debt values

The Company confiscates the collateral when a customer fails to repay the instalments for the certain time specified in the contract. After that the Company proceeds to sell the confiscated item at its own branches, warehouses or auctions where general people who are interested in buying new motorcycles are invited to participate. Should the Company manage to sell the collaterals at the value exceeding the remaining value of the outstanding balance, only in the case of hire purchase contracts, the Company will return the remaining proceeds (net after deducting the remaining value of the outstanding balance and relevant expenses) to the customer. If the debt balance is higher than the value of the foreclosed asset sales (this may be because the average age of the collaterals ranges around 2-14 years) and if the Company is unable to obtain the variance from the customer or the guarantor, the Company will see some losses from the sale of the collaterals. This will in turn have a negative impact on the Group's operational performance.

To reduce the risk, before approving auto-backed loans and home-backed loans, the Company has to examine and appraise the values of the collateral very carefully. Also, the Company approves credit limits with 30-70% discount from the market prices of the collaterals; the discount depends on the models and the popularity of the collaterals. Hence, the remaining value of the outstanding balance is lower than the selling price of collaterals sold by auction. Meanwhile, the loss from the sale of collaterals at FM was attributable to the Group's policy to sell the confiscated new motorcycles as fast as possible in order to reduce the risk that the prices of new motorcycles drop rapidly. Note that the Company sets aside provision for the impairment loss of foreclosed assets for the hire purchase loans for new motorcycles at the rate of 25 percent of the total debt value as of the confiscation date. The rate is set by the management, based on historical data.

As of 31 December 2019, over 70% of foreclosed assets lasted not more than one year from the confiscation date. However, most of the foreclosed assets that last longer than one year (worth Baht 156.70 million) are new motorcycles for which the Company regularly sets aside provisions for impairment loss.

Cost of foreclosed assets classified by the duration after the confiscation date	31 December 2017		31 December 2018		31 December 2019	
	Million	%	million	%	million	%
Less than 1 months	39.03	15.28	34.42	8.64	120.06	23.81
1 - 3 months	66.14	25.90	68.74	17.26	70.17	13.92
4 - 6 months	84.99	33.28	85.83	21.55	24.79	4.92
7 - 12 months	43.45	17.01	106.34	26.70	132.45	26.27



Longer than 12 months	21.78	8.53	102.92	25.84	156.70	31.08
Total	255.40	100.00	398.25	100.00	504.17	100.00
deduct provision for foreclosed asset impairment	(2.76)	(1.06)	(11.29)	(2.83)	(21.82)	(4.33)
Foreclosed assets - net	252.64	98.94	386.96	97.17	482.35	95.67

Moreover, the Company also uses the actual values of foreclosed asset sold as criteria for considering new credit limits. As of 31 December 2019, the foreclosed assets at the cost price amounted to Baht 504.17 million, with provisions for impairment amounting to Baht 21.82 million, equivalent to 4.33 percent of the cost price.

### 3.3 Legal Risks

#### 3.3.1 The risk of being sued by customers

As mentioned above, the auto title loan and hire purchase loan businesses are not controlled by any particular agencies. The most relevant laws for the business are Civil and Commercial Code and Consumer Protection Law stating that the business about hire purchase of cars and motorcycles is the business with controlled contracts. SAWAD Group emphasizes the importance of the law and seriously complies with the laws, ensuring that all hire purchase contracts and loan agreements are legal.

Regarding the hire purchase business, the Company always carries on the business, complying with laws and regulations set forth by relevant authorities, especially the Bank of Thailand that sets rules about principles, procedures and conditions for conducting personal loan business. Non-financial firms are allowed to collect the maximum interest rate of 15 percent per annum and the total of collection fee as well as other fees shall not exceed 28 percent per annum. For conducting Nano finance loan business, interest rate, fee and penalty fee totaled not exceed 36 percent per annum.

Even though the Company always follows the rules and regulation and there have never been any legal cases against the Company, the Company always keeps in mind of legal risks in case some customers may want to file lawsuits against the Company. Any court case against the Company will definitely have a direct impact on its business operation. In light of this, the Company regularly communicates with its customers and ensures the same understanding between the two parties. Moreover, the Company also emphasizes the customers and guarantors' ability to repay debts in order to reduce the possibility of loan defaults, which may eventually lead to collateral confiscation or lawsuits. In case of overdue outstanding balance, the Company has a clear and fair collection policy, in accordance with the legal procedure. Hence, the Company is confident that it is very unlikely to face any lawsuits filed by its customers.



### 3.3.2 Risks from the future controls on vehicle title loans and hire purchase loans by the state sector

As present, the auto backed loans, home-backed loans and hire purchase loans are not controlled by any state agencies, including the Bank of Thailand. Nonetheless, but Office of Consumer Protection Board” oversees the hire purchase contracts and The Act Prohibiting the Collection of Interest at an Excessive Rate B.E. 2560 in order to ensure that consumers are treated with fairness. In the future, a state agency may be appointed to directly oversee and control the auto title loan and hire purchase loan businesses; this may have some negative impacts on the Company's business operation.

In February 2019, the Bank of Thailand becomes in charge of controlling interest rates for lending. However the Company is confident that the potential control by any state agency may not have significant impacts on the operation and small operators, whose operations are not systematized and standardized, may be pressured, and may prevent new players from entering the market given that penetrating to the business may not be as easy as in the past. And the secured loans under BFIT are in compliance with the regulations of Bank of Thailand.

### 3.3.3 Risks in regard to the possibility that a state agency may control the personal loan business

The personal loan segment is controlled by the Bank of Thailand. Thus, any new rules or regulations against business operation of the Company may have an impact on the Company given that the Group will have to adjust some of its business procedures to comply with the rules and regulations. This may have an impact on the Company's business and operational performance.

SAWAD Group is well aware of the risk, so it closely monitors updates and news about changes in regulations and project potential impacts of the changes. Updates and projections of possible impacts of regulation changes are then reported to the Company's directors so that they can accordingly decide strategies of measures in response to the changes in appropriate and prompt manners.

## 3.4 Financial Risks

### 3.4.1 The risk in regard to fluctuation in the interest rate

SAWAD Group's core revenue is from interests from the lending business. The interest rate is fixed throughout the life of the loan agreement. Meanwhile, the main expenses come from cost of funding from financial institutions who set floating interest rates. Any changes in the interest rate will have an impact on the net interest margin and interest expenses. In particular, when the interest rate is hiked, the Company's cost of funding will also increase, resulting in a narrower net interest margin. This in turn will have a direct impact on the Company's operational performance and profitability.



However, at present the variance between interest income and interest expenses is rather large. In case of an interest hike, the Company still believes that its revenue should be enough to cover costs and expenses. Moreover, the Company can also reduce risks from new loan contracts for which it is able to set interest rates and fee to reflect actual cost of funding. Also, in the short to medium term, the interest rate is likely to continue on a downtrend. Furthermore, the Company received more funding from debenture issuance, which should help to lower interest expenses to a certain degree.

#### **3.4.2 The risk in regard to dependence of borrowing from financial institutions**

Given the nature of lending business, lenders need sufficient funding for operation in order to have the business continue. As of 31 December 2019, SAWAD's funding sources were i) seven financial institutions; ii) bills of exchange, iii) shareholders' equity and iv) debenture. As of 31 December 2019, the amount of loans taken out from the seven financial institutions totaled Baht 5,296.05 million. The proportion of the lending from the seven financial institutions was 0.00-6.00 percent of the total funding sources. In case the Company is unable to get loans from the financial institutions, this will have a negative impact on its business, financial position as well as operational performance.

Borrowing mainly from the financial institutions, the Company has a very good repayment record and has never been requested by the lenders to repay debts before schedule. In order to reduce the dependency on the financial institutions, the Company seeks new sources of funding by issuing short-term bills of exchange and offering them to institutional investors or high net worth investors. As of 31 December 2019, the Company sold bills of exchanges amounting to Baht 980 million and including unsecured debenture 3 series, amounting Baht 3,550 million, in order to reduce the dependency on the financial institutions.

In addition, Srisawad Finance Plc. can raise fund through deposits which is the major sources of fund of BFIT for expand its lending business.

#### **3.4.3 The risk in regard to the mismatching between the lending periods for customers and the lending periods from creditors**

The motorcycle-backed loans (accounting for 10 percent of the total loan receivables as of 31 December 2019) allow repayment durations of not more than 18 installment periods while four-wheel vehicles –backed loans (accounting for 33 percent of the total loan receivables as of 31 December 2019) allow an average repayment duration of not more than 24 installment periods. Meanwhile, the Company's funding comes from short-term loans from the financial institutions. As of 31 December 2019, the Company saw short-term loans and bills of exchanges totaling Baht 3,840.93 million, long-term loans from financial institution totaling Baht



2,435.12 million, senior debentures amounting Baht 11,220.29 million and short-term and long-term deposits amounting Baht 6,354.33 million. Hence, it is rather risky if the financial institutions does not allow loan contract extension or if a payable requests the repayment immediately after the loans are due.

As of 31 December 2019	Amount (Baht Million)	% compared to total assets
Receivables due within 1 year – net	28,908.02	63.59
Receivables due more than 1 year – net	7,000.08	15.40
<b>Total assets</b>	<b>45,461.61</b>	<b>100.00</b>
Short-term loans due within 1 year	12,601.43	27.72

However, the Company is classified as a good customer and has never caused any financial problems or debt defaults. Moreover, to reduce the risk about repayment of short-term loans, the Company has prepared for seeking funding from other sources, including raising funds from the public offering in order to increase the liquidity and manage funding sources more effectively. The Company also completes a cash flow projection to cover the estimated loan growth in the future. The projection is aimed at analyzing the liquidity so that the Company can plan for supporting funding and it should thus be able to continue its business operation.

#### 3.4.4 The risk in liquidity

Liquidity risk is the risk resulting from the Company's failure to pay its debts and obligations when due because of the inability to convert assets to cash or to mobilize adequate funds by schedule or at acceptable costs which could cause damage to the Company.

The Company has closely monitored, reviewed and evaluated liquidity status by using risk control system and daily financial status report and presented them to Managing Director every day. The Asset and Liability Management Committee will have a monthly meeting to consider the liquidity status. In case of an emergency situation, the Company will able to handle such situation because the Company has also prepared the Liquidity Contingency Plan and Guideline including the scenario study in case of bank run situation.

#### 3.4.5 The risk in regard to the foreign exchange rate

According to the Company has service and credit sales in neighborhood countries, that will make the Company face the loss from foreign exchange rate and the depreciation of those currencies.

The Company provide advisory service to Myanmar customer which will settle the service fee in term of Thai Baht so the Company will not suffer from exchange rate. The credit sales business in Vietnam settle in



Vietnam currency which considered from the fluctuation of the conversion rate between Baht and Dong is in the low level.

### 3.5 Operational Risks

#### 3.5.1 The risks in regard to corruptions by employees

Being engaged in the auto tile loan, hire purchase and non-secured personal loan businesses, SAWAD Group authorizes the branch managers to approve credit limits and extend loans to customers immediately, provided that the loans are under the credit limits within their approval authority. Customers can settle the installation bills at the Company's branches by cash with the branch staff. This practice can be risky from the possibility that operation staff may involve in corruption.

The Group is well aware of the risk, so it puts an internal control system in place in order to examine the performance of branches. The internal control system is equipped with supporting informational technology. Officers from the central offices also cross check and ensure that customers receive loans as specified in the contracts. Moreover, for every repayment transaction at any branched, customers will receive receipts from the central data system. The headquarter office has a monitor system, which can detach when a branch office receives more over-limited repayment amounts. A branch receiving over-limited repayment amounts will be requested by the headquarter to deposit the sum to the bank. Moreover, the Group also has a particular division examining the lending procedures and repayment transactions of branches at random. Various measures as well as systems should help to keep any possible damages at insignificant levels. In addition, the Company has a policy that any staff dealing with payment and repayment transactions done by customers have to put guarantees or guarantors before the employment contract is signed.

### 3.6 Operational Risks

#### 3.6.1 The risk in regard to the fact that the major shareholder group holds stake of more than 45 percent

As of 23 May 2019, the Kaewbootta Group consisting of Ms. Thida Kaewbootta, Ms Duangchai Kaewbootta, Mr Chatchai Kaewbootta and Mrs Jariya Kaewbootta was the major shareholder group holding combined stake of 46.70 percent of the paid-up capital. With such a large portion of stake holding, the Kaewbootta Group has a controlling power as well as influence on decision making. The Group can also control the majority votes in the shareholder meeting. Hence, there is a risk that some other shareholders may want to join hands and gather votes in order to balance power and question some matters raised by the major shareholder group in the shareholder meetings.



Based on the Company's organizational structure, however, the Company has clearly identified scopes of authority, rules and responsibilities of directors with transparency. Also, measures in regard to connected transactions linked to directors, major shareholders, management, as well as individuals with conflicts on interests are clearly identified. The aforementioned people are not allowed to vote on related issues that may cause conflicts of interests. Also, independent directors are appointed to consider and make decisions on the issues to ensure that the practice on such issue is transparent enough to convince the shareholders that the Company's management structure highlights balance of power and effective management.

### **3.6.2 The risk of high dependence on major shareholders**

At present, SAWAD Group is financially supported and guaranteed by its major shareholders. As of 23 May 2019, The Kaewbootta family, the major shareholder group with 46.70 percent of the paid-up capital guaranteed the loans amounting to Baht 500 million for business operational purposes (Further details can be obtained from Part 2, 12 Connected Transactions). This can be inferred that SAWAD Group sees considerable risk in regard to its high dependence on Kaewbootta Group. An absence of financial assistance from the Kaewbootta Group may put the Company's business operation in trouble.

Note that the aforementioned guarantee was carried out in accordance to regulations set forth by the financial institutions. At present, the financial institutions is processing to withdrawn the guarantee.



#### 4. Assets used for Business Operation

##### 4.1 Fixed Assets

##### 4.1.1 Premises and Equipment – Net

As of 31 December 2019, the Company owned premises and equipment at a net value of Baht 640.26 million as the following details:

Types of Assets	Nature of ownership	Net value (Baht)	Obligation
Land	own	3,902,300	No
Building and building improvement	own	364,759,635	No
Office decor accessories	own	103,085,602	No
Office Supplies	own	70,209,027	No
Vehicles	own	98,303,199	Yes
<b>Total</b>		<b>640,259,764</b>	

Note: The Group has liabilities under the hire purchase contracts for the total amount of Baht 21,837,080.

##### 4.2 Hire purchase receivables and loan receivables

The hire purchase receivables and loan receivables are shown based on the net values. The figure shows the amount of debts stated in the contracts deducted by interests not yet booked as income and allowance of doubtful accounts, based on the duration of outstanding balance.

Hire purchase receivables	31 December 2017		31 December 2018		31 December 2019	
	million	%	million	%	million	%
Current or overdue not over than 1 month	2,754.41	57.30	1,495.11	54.29	351.23	39.90
Overdue more than 1-3 months	1,672.39	34.79	1,027.06	37.29	419.00	47.60
Overdue more than 3-6 months	291.11	6.06	144.67	5.25	46.11	5.24
Overdue more than 6-12 months	44.77	0.93	53.88	1.96	27.12	3.08
Overdue more than 12 months	44.54	0.93	33.24	1.21	36.71	4.17
<b>Total</b>	<b>4,807.22</b>	<b>100.00</b>	<b>2,753.96</b>	<b>100.00</b>	<b>880.17</b>	<b>100.00</b>
Deducted by allowance of doubtful accounts	(135.70)	(2.82)	(92.68)	(3.37)	(60.90)	(6.92)
<b>Hire purchase receivables - net</b>	<b>4,671.52</b>	<b>97.18</b>	<b>2,661.28</b>	<b>96.63</b>	<b>819.27</b>	<b>93.08</b>





Loan receivables	31 December 2017		31 December 2018		31 December 2019	
	million	%	million	%	Million	%
Current or overdue not over than 1 month	13,533.64	78.04	22,133.30	82.96	26,928.61	75.94
Overdue more than 1-3 months	3,316.01	19.12	3,878.64	14.54	7,439.33	20.98
Overdue more than 3-6 months	337.20	1.94	500.75	1.88	761.27	2.15
Overdue more than 6-12 months	81.15	0.47	110.28	0.41	225.58	0.64
Overdue more than 12 months	73.73	0.43	56.07	0.21	106.04	0.03
<b>Total</b>	<b>17,341.74</b>	<b>100.00</b>	<b>26,679.04</b>	<b>100.00</b>	<b>35,460.83</b>	<b>100.00</b>
<b>Deducted by allowance of doubtful accounts</b>	<b>(401.89)</b>	<b>(2.32)</b>	<b>(530.99)</b>	<b>(1.99)</b>	<b>(372.00)</b>	<b>(1.05)</b>
<b>Loan receivables - net</b>	<b>16,939.85</b>	<b>97.68</b>	<b>26,148.05</b>	<b>98.01</b>	<b>35,088.83</b>	<b>98.95</b>

#### Policy on allowance of doubtful accounts

SAWAD Group has a policy to set aside allowance of doubtful accounts, according to the durations of receivables' outstanding balance deducted by interests not yet booked as income and the value of collaterals. The collateral is calculated at 0-75 percent of the outstanding receivables deducted by interest not yet booked as income. The calculation is also based on the potential to get repayment and possibility to sell collaterals. The criteria for setting allowance of doubtful accounts are as follows:

Overdue Period	Hire purchase contracts and loans for motorcycles		Hire purchase contracts and loans with other collaterals		Personal Loans
	Percentage of allowance of doubtful accounts	Value of collaterals (%)	Percentage of allowance of doubtful accounts	Value of collaterals (%)	Percentage of allowance of doubtful accounts
Current	1	75	1	75	1
Overdue 1 month	2	75	2	75	1
Overdue 1- 3 months	2	55-65	2	55-65	2
Overdue 3-6 months	100	0	20	25-45	100
Overdue 6-12 months	100	0	100	15	100
More than 12 months	100	0	100	0	100



**Note:** Allowance of doubtful accounts = Percentage of allowance of doubtful accounts X (outstanding receivables – interests not yet booked as income – value of collateral calculated at the rate on the aforementioned table)

#### Write- off Policy

SAWAD Group has set a write-off policy in accordance with the Ministerial Regulation No. 186 (1991) governing writing off bad debts from debtors' accounts as follows: A receivable with the value of not exceeding Baht 100,000 with outstanding balance overdue 3-4 months onwards is subject to collection procedure/ contract termination in a written form. If the Company is not contacted by the receivable, debts shall be written off. For a receivable worth from Baht 100,000 to 500,000, a part from the aforementioned collection procedure, the Company also proceeds with legal actions before writing off the bad debts. For a receivable valued at least Baht 500,000, the Company files a lawsuit against the debtor for bankruptcy and when the court accepts the case then the bad debts can be written off.

#### 4.3 Loans to customers and accrued interest receivables

Loans to customers are commercial loan, project loan and consumer loan provide for short term working capital, or for expansion or new business development, which will be beneficial to the economic of the entities.

The outstanding of loans to customers and accrued interest, as at the end of 2017-2019 shown as follow:

Loans to customers (Million Baht)	31 Dec 2017	31 Dec 2018	31 Dec 2019
Loans to customers	1,678.19	1,133.97	952.78
Accrued interest	1.61	3.62	3.49
Loans to customers and accrued interest	1,679.80	1,137.59	956.27
Less Allowance for doubtful accounts	(373.09)	(373.29)	(376.29)
Less Allowance for troubled debt restructuring	(1.23)	(0.46)	(0.04)
<b>Loans to customers and accrued interest - net</b>	<b>1,305.48</b>	<b>763.84</b>	<b>579.94</b>

#### Policy on allowance of doubtful accounts

The Group has a policy to set aside allowance of doubtful accounts for loans to customers, according to the guideline of Bank of Thailand.



#### 4.4 Loan receivables from purchase of loan

Loan receivables from purchase of loan is the distress asset bought from financial institutions. The movement and outstanding of loan receivables shown as follow:

Loan receivables from purchase of Loan (unit: million Baht)	2017	2018	2019
Loan receivables from purchase of loan - beginning	2,311.62	2,742.05	3,188.78
Purchase	585.88	1,048.58	21.00
Amortization from collection	(155.45)	(601.85)	(205.35)
Loan receivables from purchase of loan - ending	2,742.05	3,188.78	3,004.43
Less Allowance for impairment	(3.29)	(4.41)	(3.51)
Loan receivables from purchase of loan - Net	2,738.76	3,184.37	3,000.93

#### 4.5 Intangible assets

As of 31 December 2019, the Company had intangible assets valued at Baht 568.10 million as the following details:

Type of assets	Nature of ownership	Value (Baht)	Obligations
Computer Program	own	14,104,662	No
Finance License	Own	554,000,000	No

#### 4.6 Trademarks and Right

As of 31 December 2019, SAWAD Group had three trademarks as the following details:

Trademarks/ service marks	Type	For	Status	Issued on	Valid until	No.
	Service	Lending, Mortgage and Pledge	Approved	29 Jan -13	10 Nov 21	1156313
	Service	Lending, Mortgage and Pledge	Approved	4 Apr - 11	17 Feb 20	1149642



## 4.7 Investment Strategies

### 4.7.1 Investment Strategies and Control of Subsidiaries

As of 31 December 2019, the Company invested in subsidiaries as followings:

Company	Business	Paid-up (million Baht)	% of investment	Value
Direct				
Fast Money Co., Ltd.	Hire purchase and non-secured loan	150.00	99.99	150.00
SWP Asset Management Co., Ltd.	Asset management	100.00	95.00	95.00
Srisawad Power 2014 Co., Ltd.	Debt collection, lending service and Insurance service agent	2,000	99.99	1,999.97
Srisawad International Holding Co., Ltd.	Holding company	300.00	99.67	299.00
Srisawad Finance Plc.	Finance Company	2,756.24	82.04	7,730.16
P Lending Co., Ltd.	Create platform for lending business	5.00	75.00	3.75
Total				10,277.88
Indirect (Through Srisawad International Holding Co., Ltd.)				
SWP Services Co., Ltd.	Advisory service	300.00	99.99	299.49
Srisawad Vietnam LLC	Credit sale and secured loan	101.92	10.00	10.19
Srisawad Leasing Laos Co., Ltd.	Lending service	12.08	90.00	10.96

The Company has a policy to invest in businesses that benefit or support its core business in order to boost revenue, earnings and growth potential for the Group. The management policies of subsidiaries are based on the Company's major policies. The investment portion is also at a level that enables the Company to have a control power over its subsidiaries or affiliates. The investment can come in forms of self –investment, co-



investment, and part investment. Nonetheless, the Company does not have a policy to invest in any company where the Company is unable to have its representative act as a director.

#### 4.7.2 Policy to invest in securities

The Company does not have a policy to invest in securities, a part from its investment related to its core business.

### 4.8 Highlights of major contracts for business operation

#### 4.8.1 Loan agreements

As of 31 December 2019, the Company inked loan agreements with seven financial institutions as follows:

##### The 1<sup>st</sup> financial institution

Debtor	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Overdraft
Credit limit	Baht 1,000 million	Baht 35 million
Collateral and guarantor	None	None
Liabilities as of 31 Dec-19	Baht 900 million	Baht -- million
Conditions	<ul style="list-style-type: none"> <li>SAWAD Group is entitled to withdraw loan at the amount that the Group provides loans to hire purchasers or debtors.</li> <li>The Group is prohibited from offering loans to directors before all bank loans are repaid.</li> <li>The Group agrees not to repay loans to directors before the loan repayments to banks are completely settled and the interest rates from loans offered by directors must not exceed the interest rates from bank loans.</li> <li>In case of some events that have negative impact the Company's financial position and thus make the financial institution doubt about the Company's ability to repay loans, the financial institutions have the right to terminate the loan conditions immediately.</li> <li>The D/E ratio must not exceed 3.0x (excluding the loans borrowed from directors), based on the annual financial statement.</li> </ul>	

The second financial institution

Debtor	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Overdraft
Credit Limit	Baht 2,400 million	Baht 90 million
Collaterals and guarantor	None	None
Liabilities as of 31 Dec 19	Baht -- million	Baht -- million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Group agrees not to repay loans to directors before the loan repayments to banks are completely settled and the interest rates from loans offered by directors must not exceed the interest rates from bank loans.</li> <li>For a credit limit of Baht 1,000 million, the Company was required to maintain its D/E ratio at not exceeding 3x.</li> <li>If SAWAD Group defaults on obligations to repay loan or any agreements made with the financial institution, the financial institution is entitled to request the guarantor to repay capital at full amount plus interests and compensations as well as other obligations.</li> </ul>	

The third financial institution

Debtor	SAWAD Group
Credit Type	Short-term loan
Credit Limit	Baht 500 million
Collaterals and guarantor	Credit guaranteed by the major shareholder group
Liabilities as of 31 Dec 19	- million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested to maintain the D/ E ratio in the consolidate financial statement at not exceeding 3.0x. (excluding the loans borrowed from directors)</li> </ul>

The fourth financial institution

Debtor	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Long-term loan



Credit Limit	Baht 2,500 million	Baht 1,000 million
Collaterals and guarantor	None	None
Liabilities as of 31 Dec 19	Baht -- million	Baht 300.00 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain shareholding not less than 51%</li> </ul>	

The fifth financial institution

Debtor	SAWAD Group
Credit Type	Long-term loan
Credit Limit	Baht 2,500 million
Collaterals and guarantor	None
Liabilities as of 31 Dec 19	Baht 1,511.11 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain major controlling</li> </ul>

The sixth financial institution

Debt	SAWAD Group	SAWAD Group	SAWAD Group
Credit Type	Short-term loan	Long-term loan	Overdraft
Credit Limit	Baht 500 million	Baht 1,500 million	Baht 75 million
Collaterals and guarantor	None	None	None



Liabilities as of 31 Dec 19	-- million	1,472.22 million	23.52 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/ E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain major controlling.</li> </ul>		

The seventh financial institution

Debt	SAWAD Group
Credit Type	Long-term loan
Credit Limit	Baht 1,460 million
Collaterals and guarantor	None
Liabilities as of 31 Dec 19	Baht 1,089.20 million
Other terms and conditions	<ul style="list-style-type: none"> <li>The Company was requested not to binding with company's assets accepted hire purchase and loan contracts that pledged with other financial institutions</li> <li>The Company was requested to maintain the D/E ratio in the updated consolidate financial statement at not exceeding 4.5x.</li> <li>Kaewbootta Group has to maintain major shareholding and major controlling.</li> </ul>

#### 4.8.2 Bills of Exchanges

SAWAD Group had authorized short-term bills of exchange valued at Baht 4,000 million for the duration of not later than 270 days. The bills of exchange were offered to institutional investors or major investors. As of 31 December 2019, the Company sold bills of exchange for the total amount of Baht 980 million.

#### 4.8.3 Lease contracts for branch offices

SAWAD Group signed lease contracts with outsiders and individuals with possible conflicts of interest in order to lease spaces for use as branch offices. Most contracts last no longer than three years, with payments being made quarterly, biannually and annually.





As of 31 December 2019, SAWAD Group had liabilities from leases of space for 4,080 branches (including some branches for which the Company already put deposit for advanced payment prior to the commercial operation in 2020). This is translated into the total obligations from lease contracts at Baht 954.21 million.



5

Legal Disputes

None



## 6 General Information

### 6.1 General Information

#### Company Information

Name	: Srisawad Corporation Public Company Limited
Address	: 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung Song Hong, Laksi, Bangkok 10210
Type of Business	: Invest in other business
Registered Number	: 0107556000400
Registered Capital	: Baht 1,374,661,443
Paid-up Capital	: Baht 1,336,247,251 Divided into 1,336,247,251 ordinary shares at par value Baht 1.00 per share.
Website	: <a href="http://www.meebaanmeerod.com">www.meebaanmeerod.com</a>
Telephone	: 0-2693-5555
Fax	: 0-2573-1565
Reference	
Share Registrar	: Thailand Securities Depository Co., Ltd. 14 <sup>th</sup> Fl., 93 Ratchadapisek Road, Din Daeng, Bangkok 10400 Tel. 0-2009-9000 Fax. 0-2009-9992
Bond Registrar	: TMB Bank Public Company Limited 3000 Paholyothin Road, Chomphon, Chatu Chak, Bangkok 10900 Tel. 0-2299-1111 CIMB Thai Bank Public Company Limited 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330 Tel. 0-2638-8000 Fax. 0-2657-333 Krung Thai Bank Public Company Limited



	35 Sukhumvit Road, Klong Teoy Nua, Watana, Bangkok 10110
	Tel. 0-2255-2222
Bond Representative	: Krung Thai Bank Public Company Limited
	35 Sukhumvit Road, Klong Teoy Nua, Watana, Bangkok 10110
	Tel. 0-2255-2222
	Asia Plus Securities Company Limited
	175 Sathorn City Tower, 3/1 Floor, South Sathorn Road,
	Tung Mahamek, Sathorn, Bangkok 10120
	Tel. 0-2680-4037
Auditor	: Mrs.Anothai Leekijwattana CPA. No. 3442 or
	Mr. Paiboon Tunkoon CPA. No. 4298 or
	Ms.Sinsiri Thangsombat CPA. No. 4906
	Pricewaterhousecooper ABAS Co., Ltd.
	15 <sup>th</sup> Fl., Bangkok City Towers, 179/74-80 South Sathorn,
	Tung Mahamek, Sathorn, Bangkok 10120
	Tel. 0-2344-1000 Fax. 0-2286-5050
Internal Auditor	: P&L Internal Audit Co., Ltd.
	73/290-294 The Fifth Avenue Tower B, 2 <sup>nd</sup> Fl., Bangkok-Nont Road,
	Bang Khen, Muang, Nonthaburi

**Details of the juristic person that the Company held directly 10% onwards of their issued shares**

Name	: Fast Money Company Limited
Address	: 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung Song Hong, Laksi, Bangkok 10210
Type of Business	: Provide hire purchase loans of new motorcycle and personal loan
Registered and Paid-up Capital	: Baht 150,000,000



Name : SWP Asset Management Company Limited  
Address : 99/392 Srisawad Building 2 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : debt collection and purchase distressed assets for management  
Registered and Paid-up Capital : Baht 100,000,000

Name : Srisawad Power 2014 Company Limited  
Address : 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : Debt collection and lending service  
Registered and Paid-up Capital : Baht 2,000,000,000

Name : Srisawad Finance Public Company Limited  
Address : 99/392 Srisawad Building 1,3,5,6 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : Finance Company  
Registered and Paid-up Capital : Baht 2,756,236,205

Name : P Lending Company Limited  
Address : 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : Create platform for lending business  
Registered and Paid-up Capital : Baht 5,000,000

Name : Srisawad International Holding Company Limited  
Address : 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : Holding company  
Registered and Paid-up Capital : Baht 300,000,000



Name : SWP Services Company Limited  
Address : 99/392 Srisawad Building 4,6 Floor, Chaeng Wattana Road, Thung  
Song Hong, Laksi, Bangkok 10210  
Type of Business : Advisory service  
Registered and Paid-up Capital : Baht 300,000,000

Name : Srisawad Vietnam LLC  
Address : 1<sup>st</sup> Floor, VCCI Tower, No. 1, Lenin Avenue , Hung Dung ward, Vinn  
City, Nghe An Province, Vietnam  
Type of Business : Credit sale  
Registered and Paid-up Capital : 33,500,000,000 Dong or approximately Baht 101.92 million

Name : Srisawad Leasing Laos Company Limited  
Address : Baan Pon Than, Sai Chettha , Vientiane  
Type of Business : Hire purchase and secured loan  
Registered and Paid-up Capital : 3,000 Million Kip or approximately Baht 12.08 million



## Part II

## Management and Corporate Governance

## 7. Securities and Shareholder

## 7.1 The Company's securities

## 7.1.1 Registered and Paid-up Capital

As of 31 December 2019, the Company had registered capital of Baht 1,374.66 million and paid-up capital of Baht 1,336,247,251, consisting of 1,336,247,251 ordinary shares at a par value of Baht 1 per share.

## 7.1.2 Warrant

As of 31 December 2019, the detail of the Company's Warrant prescribed as follows:

Name of Warrants	Warrants to Purchase Newly Issued Ordinary Shares of Srisawad Corporation Plc. No. 1 (SAWAD-W1)
Issuance Date	12 June 2015
Allotment Method	Allot to shareholders whose name appear as the shareholders on the share register book close date of 7 May 2015 with the ratio of 25 ordinary shares per 1 unit of warrant.
Offering Price	-0- THB per unit
Exercise Ratio	One unit of warrant is entitled to purchase 1.237 ordinary share.
Exercise Price	Baht 48.476
Exercise Period	Warrant holders may exercise on the last business day of the months of May and November each year throughout the tenor of the warrants. The first exercise date will be the last business day in November 2017 or 30 November 2017. The last exercise date is 29 May 2020.
Term of Warrants	5 years
Maturity Date	11 June 2020
Number of Warrants	39,995,792 units
Outstanding of Warrants	31,051,843 units
Underlying Shares	38,411,134 shares



## 7.2 Shareholders

The list of shareholders and their shareholding as shown in the book of shareholder's registration as of 23 May 2019 is as follows:

Shareholders	23 May 2019	
	Share amount	%
1. <b>Kaewbootta Family <sup>/1</sup> consisting of</b>	<b>624,133,497</b>	<b>46.70</b>
1.1 Ms Thida Kaewbootta	401,314,784	30.03
1.2 Ms Doungchai Kaewbootta	96,956,154	7.26
1.3 Mr. Chatchai Kaewbootta	47,307,599	3.54
1.4 Mrs. Jariya Kaewbootta	78,554,960	5.88
2. Thai NVDR Company Limited	138,696,484	10.38
3. South East Asia UK (Type A) Nominees Limited (Cathay Financial Holding Co., Ltd.)	125,827,257	9.42
4. South East Asia UK (Type C) Nominees	53,780,240	4.02
5. State Street Europe Limited	24,836,936	1.86
6. SCB Dividend Stock 70/30 LTF	20,087,030	1.50
7. K 20 Select Long Term Fund	9,372,246	0.70
8. Mr. Suthisak Chairpradit	8,824,513	0.66
9. JP Morgan Thailand Fund	7,522,310	0.56
10. Value Plus – Dividend LTF	6,832,120	0.51
11. General investors	316,334,618	23.67
<b>Total</b>	<b>1,336,247,251</b>	<b>100.00</b>

Note<sup>/1</sup> Including the family, not shareholding of the related parties, based on Article 258 of the Securities and Stock Exchange of Thailand

## 7.3 Dividend Policy

The Company and its subsidiaries have a policy to offer a dividend payout ratio at not below 40% of the after tax and after provision net profit, based on the separated financial statement. The Company's directors have authorities to consider the dividend payment, except for the case that the Company decides not to follow such dividend policy or occasionally change the policy. The dividend policy can be changed, provided that the change will bring maximum benefits to the shareholders of the Company and subsidiaries. For example, the Company may need to reserve cash for future loan repayment or funding for potential business expansion. Also, the dividend payment policy can be changed in accordance with changing market conditions that may have an impact on the Company's future financial position.



**7.4 Issuance of bills of exchange**

SAWAD Group had authorized short-term bills of exchange valued at Baht 4,000 million for the duration of not later than 270 days. The bills of exchange were offered to institutional investors or high net worth investors. As of 31 December 2019, the Company had sold bills of exchange for the total amount of Baht 980 million.

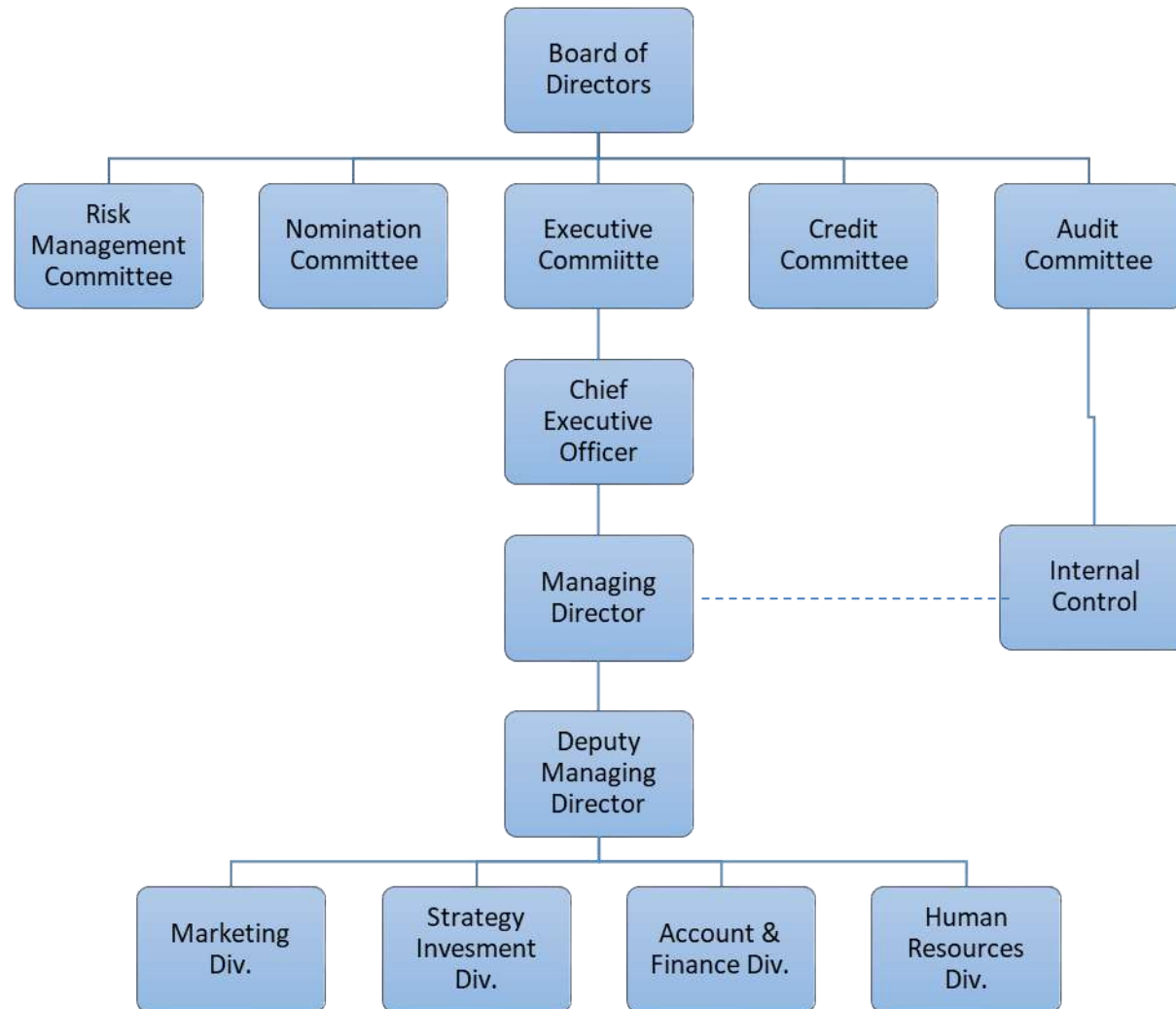
**7.5 Issuance of debentures**

SAWAD Group had authorized to issue debentures valued at Baht 30 billion, as of 31 December 2019, SAWAD had already issued senior and unsecured debentures for sale to high net worth investors and institutional investors as follows:

Issuance Date	Symbol	Amount (Baht)	Interest Rate	Tenor	Maturity Date
3 Feb 2017	SAWAD202A	1,166,100,000	4.00	3 year	3 Feb 20
3 Feb 2017	SAWAD212A	2,102,100,000	4.40	4 year	3 Feb 21
19 Sep 2017	SAWAD209A	1,225,000,000	3.60	3 year	19 Sep 20
8 Aug 2018	SAWAD218A	1,651,600,000	3.90	3 year	8 Aug 21
8 Aug 2018	SAWAD228A	1,548,400,000	4.15	4 year	8 Aug 22
29 Mar 2019	SAWAD223A	550,000,000	4.10	3 year	29 Mar 22
13 Jun 2019	SAWAD236A	500,000,000	4.40	4 year	13 Jun 23
27 Jun 2019	SAWAD226A	2,500,000,000	4.15	3 year	27 Jun 22



## 8.1 Management Structure





The Company's management structure composes of six committees, namely the Board of Directors, the Audit Committee, the Executive Committee, the Risk Management Committee, Nomination and Remuneration Committee and Credit Committee. The details are as follows:

#### 8.1.1 The Board of Directors

As of 31 December 2019, the Board of Directors comprised of the following 12 directors:

1.	Mr. Sukhont	Kanchanahuttakij	Chairman
2.	Mr. Vinai	Vittavasarnvej	Vice Chairman of the Board/ Chairman of Audit Committee / Independent Director
3.	Mr. Chatchai	Kaewbootta	Director / Chief Executive Officer
4.	Ms. Doungchai	Kaewbootta	Director / Executive Director
5.	Mr. Prayong	Saennual	Director / Executive Director
6.	Mr. Somyot	Ngerndamrong	Director
7	Mr. Pinit	Puapan	Director
8.	Mr. Tzung-Han	Tsai	Director
9	Mr. Sumate	Maneewattana	Director / Independent Director
10.	Mr. Veera	Veerakool	Director / Independent Director
11.	Pol.Gen Pharnu	Kerdlarpphon	Audit Committee Member/ Independent Director
12.	Mr. Weerachai	Ngamdeevilaiak	Audit Committee Member/ Independent Director
	Mrs. Chomchaba	Sathapompong	Secretary

The directors authorized to sign for the Company as in the certificate of the company registration:

The signatures of either Ms. Doungchai Kaewbootta or Mr Chatchai, together with the signatures of either Mr. Somyot Ngerndamrong or Mr. Prayong Saennual, are required to go with the Company's seal.

#### Scope of authority and responsibility of the Board of Directors

1. To manage and ensure that the Company's business operation conforms to the laws, objectives, and the articles of association including the resolutions of the shareholders' meetings, with honesty and trustworthiness; and to provide utmost benefits to the Company;
2. To determine missions, visions, policies, objectives and business plans; to approve the Company's annual budget; to ensure that the management effectively and efficiently runs business in



accordance with the Company's strategies and business plans; also to periodically review the Company's strategies and objectives in accordance with the changing circumstances;

3. To consider, review and approve business expansion plans or M&A plans proposed by the Executive Committee;

4. To ensure that the Company's financial and accounting report system, internal audit system and internal control systems are appropriate, adequate, accurate and reliable in order to make sure that the Company's information is accurately and transparently disclosed in accordance with relevant laws and regulations;

5. To prevent any transactions that may cause conflicts of interests among the Company's directors and management members as well as preventing any wrong doing; and to get rid of any conflicts of interests with careful, honest, reasonable and independent manners under the code of ethical principles.

6. To review and approve the Company's financial statement and the financial report, which are already audited and/or reviewed by the authorized auditor and approved by the Audit Committee;

7. To acknowledge the reports and monitor the performance of the managing director;

8. To review the good corporate governance policies in a regular basis;

9. To review and approve the financial statement and the financial report, which are already audited and/or reviewed by the authorized auditor and approved by the Audit Committee;

10. To appoint advisors to the directors and/or sub-committees to consider some particular matters;

11. To assign any individuals to operate the business of the Company under the Board of Directors' supervision; to authorize such individuals to perform some tasks to a certain degree and within a timeframe, as deemed appropriate by the Board of Directors; and the Board of Directors may cancel, dismiss, or amend such power in case the Board of Directors empower the managing directors or other individuals to work on some tasks linked to the Company's core business.

12. To consider and approve any matters or transactions, which are significant to the Company or deemed as appropriate to maximize benefits to the Company, except for the following matters that require the approval from a shareholders meeting;

(a) Any matters required by law that they need the approval from a shareholders meeting;

(b) Any transactions that involve conflicts of interests among directors as specified by law or regulations of the Stock Exchange of Thailand, i.e., indicating that such transactions need approval from the shareholder meeting, e.g., acquisitions or disposals of significant assets as specified by the Stock Exchange of Thailand;



The following matters require the approval from the majority of the directors attending the Board of Director meeting and from three-fourths of the total eligible voters in a shareholders meeting:

- (a) Disposal or transfer of all or some significant businesses of the Company
- (b) Acquisition or receiving of transfer of businesses from other companies or private companies
- (c) Revision or termination of contracts linked to leasing of all or some of the Company's business; or arrangement of other parties to manage the Company's businesses; or the consolidation to the businesses of other parties for the purpose of profit and loss sharing;
- (d) Revision to or additions of details in the memorandum of association or Article of Association;
- (e) Capital increase; capital decrease; issuance of debentures;
- (f) Company merging or dissolution;
- (g) Any other matters, for which the law about securities and/or regulations of the Stock Exchange of Thailand require that they need approval from Board of Director meeting and shareholder meeting with the aforementioned amounts of votes;

Note that the aforementioned scope of power and responsibility of the Company's Board of Directors does not include the power that allows any directors or individuals authorized by the directors to be able to approve any transactions that they involve in conflicts of interests (as announced by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand and/or the Capital Market Supervisory Board) with the Company or the subsidiaries; except for the case that the approval of those particular transactions is made in accordance with the policy or principle that a shareholder meeting or a meeting of Board of Directors already considers approving;

#### 8.1.2 The Audit Committee

As of 31 December 2019, the Audit Committee comprised the following three members:

- |    |                               |   |
|----|-------------------------------|---|
| 1. | Mr. Vinai Vittavasarnvej      | Chairman of Audit Committee/ Independent Director |
| 2. | Pol.Gen Pharnu Kerdlarpphon   | Audit Committee Member/ Independent Director      |
| 3. | Mr. Weerachai Ngamdeevilaisak | Audit Committee Member/ Independent Director      |
|    | Mrs. Chomchaba Sathapornpong  | Secretary to the Audit Committee                  |

Mr. Vinai Vittavasarnvej and Mr. Weerachai Ngamdeevilaisak possess such extensive and sufficient knowledge and experience in accounting and finance that they are able to review the reliability of the Company's financial statement. Mr. Vinai Vittavasarnvej, the chairman of the Audit Committee and independent director, earned bachelor's degrees in accounting from Thammasat University. At present, he also holds the position of chairman of the Audit Committee and the independent director for Ekarat



Engineering Plc. and member of Audit Committee for Syn Mun Kong Insurance Plc. Another Audit Committee Member and independent director, Mr. Weerachai Ngamdeevilaisak, received a bachelor's degree in accounting from Thammasat University. At present, he is also a member of the audit committee for Prukha Holding Plc. and chairman of the Audit Committee for Syn Mun Kong Insurance Plc.

#### Term in office of the Audit Committee

The chairman and members of Audit Committee serve the term of three years. Once the term is completed, they can also be re-appointed.

#### Scope of power, duties and responsibility of the Audit Committee

1. The Audit Committee has duties to review and ensure that the Company's financial reports are accurate and adequately disclosed, in co-operation with the external auditor and the management responsible for the quarterly and annual financial reports. The Committee reviews the financial statement and financial reports, which relate to the accounting standard, the significant change in accounting standard and the reasons of the management in regard to the accounting standard, before proposing to the Board of Directors prior to the disclosure of such information to shareholders and general investors.
2. The Audit Committee also takes responsibility in ensuring that the Company's internal control system and internal audit system are sufficient and effective, in co-operation with the external auditor and the internal auditor. The Audit Committee also reviews the Company's audit plan and evaluates the audit results in co-operation with the authorized auditor and internal auditor, examining problems and limitations arising from the review of the financial statement. The Committee also plans on control of electronics information and information safety in order to prevent corruptions or wrong uses of computers by employees or outsiders. The Audit Committee also examines the independence of the internal control department as well as approving appointment, transfer or termination of employment contract of the head of the internal control department or any department overseeing the Company's internal control affairs.
3. The Audit Committee also reviews the Company's operations and ensure that they conform to the rules and regulations of the Stock Exchange of Thailand, and any other laws related to the business operation of the Company. The Committee's duties and responsibility is also based on the rules and regulations of the Office of Securities and Exchange Commission as well as the Stock Exchange of Thailand.
4. The Audit Committee considers proposing an independent individual from an audit company as the Company's auditor as well as proposing the remuneration of the Company's auditor, taking into account the reliability, resource adequacy and the amount of audit work at that particularly audit company and also considering the qualification of the appointed auditor. The Audit Committee also has



a duty to attend the meetings with the auditor, without the presence of the management, at least once a year

5. The Audit Committee also has a duty to review connected transactions and/or some transactions that link to either acquisition or disposal of the Company's assets. The Committee also discloses any transactions that may cause conflicts of interests, ensuring that the information relating to those particular transactions are adequate and accurate. Also, the Committee has to approve such transactions before proposing them to the Board of Directors' meeting and/or shareholders' meetings; this is to ensure that those transactions are in compliance with the regulations of the Stock Exchange of Thailand; and to make sure that those transactions are justified and bring maximum benefits to the Company.

6. The Audit Committee also takes responsibility in preparing Audit Committee Report and disclosing it in the Company's annual report. The report must be signed by the Chairman of the Audit Committee and at least contain the following details:

- Opinions concerning accuracy, adequacy and reliability of the Company's financial reports
- Opinions concerning the adequacy of the Company's internal control system
- Opinions concerning the suitable qualification of the Company's auditor
- Opinions whether the Company follows the laws related to securities and the stock market, regulations of the stock market and the laws related to the Company's business
- Opinions concerning some transactions that may cause conflicts of interests
- Opinions in regard to the number of the Audit Committee meetings and the attendance of each member
- Opinions or overall notes that the Audit Committee receives from the charter-based operation
- Other matters that should be disclosed to the shareholders and general investors under the scope of responsibility assigned by the Board of Directors and/or under the scope of laws

7. The Audit Committee has responsibility towards the Board of Directors as assigned by the Board of Directors. In addition, the Board of Director is also responsible for reporting of activities of the Audit Committee or any other duties, as assigned by the Board of Directors, to the Board of Directors,

The Audit Committee shall report the following matters to the Board of Directors immediately:

- Transactions involving conflicts of interests
- Corruptions or unusual matters or significant errors of the internal control system



- Violation of the laws or regulations of the Office of Stock Exchange Commission or the Stock Exchange of Thailand
- Other matters that should be informed to the Company's Board of Directors

In case that the Audit Committee reports a particular matter that may have significant impact on the Company's financial position and earnings performance and that the Audit Committee already discusses the matter with the Board of Director and the management with a conclusion that the revision and adjustment on such particular matter shall be completed within specified timeframe, if the Audit Committee finds out that no action has been taken after that specified timeframe without any acceptable reasons, a member or the Audit Committee may report that matter to the Office of Stock Exchange Commission and/or the Stock Exchange of Thailand, whichever the case maybe.

8. The Audit Committee has power to seek opinions from an independent professional advisor as deemed appropriate, in the expenses of the Company.

9. The Audit Committee has power to request additional information about various matters from other departments

10. The Audit Committee also have other duties as assigned by the Board of Directors and/or approved by the Audit Committee, e.g., review of the financial management policies and risk management policies, review of code of conducts for the management, discussing with the management about important reports to be publicized as required by law, e.g., the management report and analysis, and etc.

Note that the aforementioned scopes of power and responsibility of the Audit Committee do not include the power that enables a member of Audit Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries.

### 8.1.3 Executive Committee

As of 31 December 2019, the Executive Committee was comprised of the following four members:

1.	Mr. Chatchai	Kaewbootta	Chief Executive Officer
2.	Ms.Doungchai	Kaewbootta	Executive Committee Member
3.	Mr. Prayong	Saennual	Executive Committee Member
4.	Ms. Wanaporn	Pornkitipong	Executive Committee Member
	Ms. Wanaporn	Pornkitipong	Secretary to the Executive Committee





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Term in office of the Executive Committee

The members of Executive Committee serve the term of three years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

Scope of power, duties, and responsibility of the Executive Committee

1. The Executive Committee has duties to determine missions, visions, policies, objectives, business plans and annual budget on an annual basis and propose them to the Company's Board of Directors. The Executive Committee is also responsible for ensuring that the Company's management runs business according to plans efficiently and effectively. The Committee also reviews strategies and targets in accordance with the changing situations.
2. The Executive Committee also considers the annual budget allocation plan proposed by the management before proposing the plan to the Company's Board of Directors for review and approval. This includes the power to consider and approve the changes and additions of annual expense budget during the time when no Board of Directors' meeting is arranged and such matter shall be proposed to the next meeting of the Board of Directors.
3. Executive Committee also has power to consider approving contracts and/or any transactions that relate to the Company's core business, financial transactions made with banks/ financial institutions, loan or lending approval, sale of collaterals or foreclosed assets, procurement of assets/service based on the budget limits approved by the Board of Directors or based on the limit specified by the regulation in regard to approval and operation authority.
4. The Executive Committee can empower a member of Executive Committee or members of Executive Committee or other individuals to perform a particular duty under the control of the Executive Committee or empower such person on some matters and within certain timeframe, as deemed appropriate by the Executive Committee; the Executive Committee has power to cancel, dismiss or change the authorized person as appropriate.
5. The Executive Committee also has other duties and responsibility as assigned by the Board of Directors.

Note that the aforementioned scopes of power and responsibility of the Executive Committee do not include the power that enables a member of Executive Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Executive Committee shall report any cases or transactions causing conflicts of interests to the Company's Board of Directors and/or the



shareholders meeting so that they can consider approving such cases or matters based on the rules and regulations of relevant laws.

#### 8.1.4 Risk Management Committee

As of 31 December 2019, Risk Management Committee was comprised of the following six members:

- |    |                 |                  |  |
|----|-----------------|------------------|--|
| 1. | Mr. Weerachai   | Ngamdeevilaisak  | Chairman of Risk Management Committee  |
| 2. | Pol. Gen Pharnu | Kerdlarpphon     | Risk Management Committee Member       |
| 3. | Mr. Sukhont     | Kanjanahuttakit  | Risk Management Committee Member       |
| 4. | Mr. Chatchai    | Kaewbootta       | Risk Management Committee Member       |
| 5. | Mr. Somyot      | Ngerndamrong     | Risk Management Committee Member       |
| 6. | Mr. Prayong     | Saennual         | Risk Management Committee Member       |
|    | Mr. Vasit       | Kanchanahuttakij | Secretary to Risk Management Committee |

##### Term in office of Risk Management Committee

The members of Risk Management Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed. The Risk Management Committee is directly responsible for the Board of Directors and the members have duties and responsibility as assigned by the Board of Directors.

##### Scope of power, duties, and responsibility of the Risk Management Committee

1. The Risk Management Committee has duties to draft determine policies and guidelines for the Company's overall risk management on various risk aspects including financial risks, investment risks, risks impacting the Company's business, and etc., and propose such policies and guidelines to the Board of Directors for approval.
2. The Risk Management Committee also comes up with strategies and guidelines for the Company's risk management to be in line with the Company's risk management policies; the Committee also monitors and evaluates risk factors, ensuring that they are at an appropriate level.
3. The Risk Management Committee also monitors and ensures that the risk management policies are followed, under the guideline and policies approved by the Company's Board of Directors.
4. The Committee also sets up the criteria to evaluate risks and risk ceiling at an acceptable level.
5. The Risk Management Committee has a duty to determine the measures to appropriately manage risks in accordance with the changing situations.



6. The Committee is also responsible for the adequacy of the risk management system and policies including the efficiency of the risk management system and the operation to following such risk management policies.
7. The Risk Management Committee regularly reports to the Board of Directors in regard to the management, operation and the risk status of the Company as well as some changes and any matters requiring improvement or adjustment to match the set policies and strategies
8. The Committee also arranges a particular team working on risk management affairs as necessary
9. The Risk Management also supports the teams working on managing risks in regard to personnel, budget, and necessary resources in accordance with the scope of their responsibility.

#### 8.1.5 Nomination and Remuneration Committee

As of 31 December 2019, Nomination and Remuneration Committee was comprised of the following three members

- |    |                               |  |
|----|-------------------------------|--|
| 1. | Pol. Gen. Pharnu Kerdlarpphon | Chairman of the Nomination and Remuneration Committee  |
| 2. | Mr. Chatchai Kaewbootta       | Member of the Nomination and Remuneration Committee    |
| 3. | Mr. Weerachai Ngamdeevilaisak | Member of the Nomination and Remuneration Committee    |
|    | Mr. Prayong Saennual          | Secretary to the Nomination and Remuneration Committee |

##### Term in office of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

##### Scope of power, duties, and responsibility of the Nomination and Remuneration Committee

1. To determine selection methods and qualifications of persons for the positions of directors, committee members and managing directors
2. To selects and propose qualified persons for the positions of directors, committee members, and managing directors to the Company's Board of Directors
3. To set criteria or methods to determine the remuneration for directors, committee members, and managing director
4. To propose the remuneration for the directors to the Board of Director for permission and to the shareholders for approval
5. To propose the remuneration for the managing director for the Board of Directors meeting for approval



6. To review and conclude the following-up working plan of the managing director on an annual basis and report such plan to the Board of Directors for acknowledgement
7. To perform other duties as assigned by the Board of Directors

Note that the aforementioned scopes of power and responsibility of the Nomination and Remuneration Committee do not include the power that enables a member of the Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Nomination and Remuneration Committee shall report any cases or transactions causing conflicts of interests to the Company's Board of Directors and/or the shareholders meeting so that they can consider approving such cases or matters accordingly.

#### 8.1.6 Credit Committee

As of 31 December 2019, the Credit Committee was comprised of the following four members

- |    |                            |                                   |
|----|----------------------------|-----------------------------------|
| 1. | Mr. Chatchai Kaewbootta    | Member of Credit Committee        |
| 2. | Ms. DOUNGCHAI Kaewbootta   | Member of Credit Committee        |
| 3. | Mr. Prayong Saennual       | Member of Credit Committee        |
| 4. | Mr. Somyot Ngerndamrong    | Member of Credit Committee        |
|    | Mr. Vasit Kanchanahuttakij | Secretary to the Credit Committee |

#### Term in office of the Credit Committee

The members of the Credit Committee serve the term of two years, starting from the appointment date. Once the term is completed, they can also be re-appointed.

#### Scope of power, duties, and responsibility of the Credit Committee

1. To consider and approve loans which over the authority of the Executive Committee as follows:
  - 1.1 Real estate backed loans approval authority within Baht 300 million
  - 1.2 Restructuring and re-financing loans

Note that the aforementioned scopes of power and responsibility of the Credit Committee do not include the power that enables a member of the Committee or an authorized representative for that member to express opinions about any cases that the particular member of the representative or the connected persons (as announced by the Securities and Exchange Commission and/or the



announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. The Credit Committee shall consider and approve not more than the Company's single lending limit which the Board of Directors had determined not more than Baht 500 million. The single lending limit means total amount available for lending to individual including with his/her controlled entities and his/her connected persons.

2. To report and summarize the approval lending and/or restructuring loans to the Board of Directors.

#### 8.1.7 The Management

As of 31 December 2019, the Company's management comprised of four members as follows:

- |    |                            |   |
|----|----------------------------|---|
| 1. | Mr. Chatchai Kaewbootta    | Chief Executive Officer / Managing Director         |
| 2. | Mr. Somyot Ngerndamrong    | Vice President-Collection Department                |
| 3. | Mrs. Wanaporn Pornkitipong | Vice President-Accounting and Finance Department    |
| 4. | Mr. Prayong Sannual        | Vice President- Personnel and Personnel Development |

#### Scope of power, duties and responsibility of the Chief Executive Officer

The Board of Directors had announced the scope of power, duties and responsibility of the Chief Executive Officer as follows:

1. To carry out the Company's operation according to the Company's objectives, rules, regulations, policies, business plans, and the resolutions of Board of Directors meetings and/or shareholder meetings
2. To issue orders, rules, announcements, memorandums to make sure that the Company's business is run according to the policies
3. To ensure that the Company's spending is under the limit approved by the Company's Board of Directors
4. To set the Company's structure, management power and to have authority about appointment, rotation and removal of employees as well as setting salaries and other employee benefits; and to consider employees' good performance, bonuses, welfare; and also to approve employment contract termination for various management positions
5. To make agreements linked to the Company's core business and approve transactions under the limits approved by the Board of Directors
6. To authorize or assign any person, as approved by the Chief Executive Officer, to do as acting Chief Executive Officer in some necessary cases, as deemed appropriate by the Chief Executive Officer



7. To be responsible for other duties as assigned by the Board of Directors and/or Executive Committee

Note that the aforementioned scope of power and responsibility of the Chief Executive Officer does not include the power that enables the Chief Executive Officer or an authorized representative to approve any transactions that he or share or any connected persons (as announced by the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand) may have conflicts of interests with the Company or its subsidiaries. Any cases or transactions causing conflicts of interests shall be reported to the Audit Committee and Company's Board of Directors meeting so that they can consider approving such cases or matters accordingly; this is except for the case about the approval of the transactions that relate to the Company's core business under normal business practice and normal trade conditions in according to the Notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand and the Board of Directors views and approves that the transaction is in line with relevant policies and regulations.

#### 8.1.8 The Company's Secretary

The Board of Directors meeting No. 6/2013 held on 14 June 2013 appointed Mrs. Chomchaba Sathapornpong as the Company's secretary in accordance with Securities and Exchange Act B.E. 2535 (including the amendments). The Company's secretary is responsible for filing and keeping important documents under the name of the Company or the directors and also providing suggestions in regard to laws and regulations that the directors should be aware of. The secretary also has a duty to oversee activities of the directors as well as ensuring that the resolutions of the Board of Directors meetings are followed.

Note that Mrs. Chomchaba Sathapornpong passed the Director Accredited Program (DAP) training course organized by the Thai Institute of Directors in 2005 and earned the certification of Company Secretary Program Class 56/2014.

#### Responsibility of the Company's Secretary

1. Complete and keep the following documents
  - Director registration
  - Meeting invitation letters, minutes of the Board of Directors meetings and the Annual General Meeting of Shareholders
  - Invitation letters for shareholders' meeting and the minutes of Annual General Meeting of Shareholders
2. Keep reports about stakeholder prepared by the directors or the management
3. Perform other duties as specified by the Capital Market Supervisory Board

**Authority for approval and operation**

The Board of Directors meeting No. 10/2013 held on 16 October 2013 approved the rule about the authorities for approval and operation No. 2/2013, revised on 23 September 2014. The details and authorities for approval of budget limits for investment, finance, loan and expense budgets are as follows:

Transactions	Approval Authority		
	Executive Committee	Chief Executive Officer	Managing Director
Investment in new companies or other companies	Not exceeding Baht 15 million		-
Borrowing	Not exceeding Baht 200 million		Not exceeding Baht 50 million
Lending or offering loans			
- Secured loans (property)	Not exceeding Baht 5 million	Not exceeding Baht 2 million	Not exceeding 1 million
- Secured (Property)	Not exceeding Baht 30 million	Not exceeding Baht 7 million	Not exceeding Baht 5 million
- Non-secured	Not exceeding Baht 1 million	Not exceeding Baht 0.7 million	Not exceeding Baht 0.5 million
Purchase or lease of fixed assets (in case of over budget)	Not exceeding Baht 10 million		Not exceeding Baht 5 million
Expenses (per transaction or project)			
- expenses on public relation activities, debt compromising, bad debts write-off, hiring of advisors	Not exceeding Baht 5 million		Not exceeding Baht 1 million
- Entertainment and travelling expenses	Not exceeding Baht 0.5 million		Not exceeding Baht 0.1 million
- Donations	Not exceeding Baht 2 million		Not exceeding Baht 1 million

**8.2 Nomination and Selection of directors and management****8.2.1 The company's directors**



The Nomination and Remuneration Committee set policies and criteria to select and appoint the Company's directors and proposes the names for an approval of the Board of Directors and/or an Annual General Meeting of Shareholder. A person appointed as the company's director shall possess qualifications as specified by the Public Limited Company Act B.E. 2535, regulations on securities and securities market, notifications of the Stock Exchange Commission, the notification of the Capital Market and other regulations linked other qualifications about experience, knowledge, and etc. According to the Company's Articles of Association, the Company's Board of Directors consists of at least five members and at least half of the total members shall reside in the Kingdom of Thailand. In addition, the directors are to be elected by majority voting in the Annual General Meeting of Shareholders as the following details.

1. Each shareholder shall have one vote per share held by them
2. Each shareholder shall cast all of his/her votes in (1) for one or more candidates but shall not divide his/her voting rights amongst the candidates
3. The candidates elected to fill up the vacant positions in the Board of Directors shall be selected in order of the number of votes received. In a case where there is a tie amongst candidates, the chairman of the meeting shall cast the deciding vote.

In every Annual General Meeting of Shareholders, one-third of directors have to vacate in proportion. In case the number of directors cannot be divided into three parts, the number of directors closest to the one-third portion shall leave the position. A director who is about to leave the position can be re-elected. In addition to completing the term, a director may leave the position by death, resignation, disqualification, prohibition by law, termination by the annual general meeting, or a court order.

In addition to the aforementioned rules, the Article of Associations are also apply:

1. The directors are prohibited from operating similar business to compete with the Company's business. They are also prohibited from holding shares in partnership corporate or being directors of any companies doing the same businesses as the Company's and competing with the Company, except for the case that they inform such information to the annual general meeting prior to the appointment of directors
2. The directors have to immediately inform the Company of any interests in the contracts made by the Company, either directly or indirectly; or about increase or decrease in holding of shares or debenture in the Company or the subsidiaries

#### **8.2.2 Independent Directors**

The members of the Nomination and Remuneration Committee work together to review and determine principles and policies on nomination and appointment of the Company's independent directors, based





on the qualifications as specified by the Public Limited Company Act, Notifications of the Securities Commission, Notifications of Capital Market as well as other related regulations, e.g.,. Other qualifications, such as work experience, knowledge and skills are also taken into account. The Company has a policy to appoint at least one-third of the total directors and not less than three directors as the Company's independent directors.

#### Qualification of Independent Directors

1. Being appointed by the Company's Board of Directors or the Annual General Meeting of Shareholders
2. Possessing qualifications as specified by the laws about securities and stock market and the regulations of the Stock Exchange of Thailand:
3. Not holding shares in excess of 1 percent of the total shares with the voting rights of the company, the parent company, subsidiaries, associated companies or related companies, inclusive of the shares held by related parties
4. Having never been a director participating in management, an employee, a consultant with regular salary, or a person with power to control the company, except relieved from aforesaid characteristic at not less than two years before submitting permission to the Office. However, the prohibited characteristics do not include independent directors who used to work as civil servants or advisors to any government bodies holding major shareholding
5. Not being a person of whole blood or registration as stated in the law, in the manner of being father or mother, spouse, brotherhood and offspring including spouse of the offspring of the management, other directors, major shareholders, persons with controlling power or persons to be proposed as the Company's directors or management or persons with controlling power on the Company or subsidiaries
6. Not having or never having been in business relation the Company, the subsidiaries, the affiliates, the major shareholders or the persons with controlling power, in the manners that may obstruct the independent exercise of discretion; Not having been a significant shareholder or a person with controlling power of the persons with business relation with the Company, the subsidiaries, the affiliates, the major shareholders or the persons with control power, except relieved from aforesaid characteristics at not less than two years before the date of submission for permission from the Securities and Exchange Commission
7. Not being or having been an auditor for the Company, the subsidiaries, the affiliates, a major shareholder or a person with control power; not being a significant shareholder, an authorized person or partner of auditing offices whose auditors work for the Company, the subsidiary, the



affiliates, a major shareholder or a person with control power in the Company, except relieved from such characteristic at not less than two years before the date of submission for permission from the Securities and Exchange Commission

8. Not being or never having been a professional service provider of legal advisor or financial advisor services, with service fee exceeding Baht two million per annum, for the Company, the subsidiaries, the affiliates, major shareholder or a person with control power on the Company; not being a significant shareholder, a person with control power or a partner of the professional provider, except relieved from such characteristic at not less than two years before the date of submission for permission from the Office Securities and Exchange Commission
9. Not being a director appointed to be a representative of a director of the Company, a major shareholder or shareholders with a relation to the major shareholder
10. Not operating similar business or involving in significant business competition to the Company or the subsidiary; not being a significant partner in a partnership company or not being a director, an employees, an advisor earnings regular salary; or not holding shares of over one percent of the total shares with the voting right in other companies that operate business similar or competing with business of the Company or subsidiaries
11. Not having other characteristics that will hinder independent opinions about the Company's operation
12. Being trusted and accepted in general
13. Having adequate time to perform duties as an independent director

An independent director may be assigned by the company's Board of Directors to make decisions on the business operation of the Company, the subsidiaries, the affiliates, the subsidiaries of same level, the major shareholder or the person with controlling power on the Company under the method of collective decision.

In case a person falls to the aforementioned Items 4 or 6, the Company's Board of Directors may be able to consider appointing that person as an independent director, provided that the Board of Directors views that that the appointment of that person will not have an impact on the performance and independent opinions of that person. The following information must be included in the invitation letter of the Annual General Meeting of Shareholders for the agenda about the appointment of independent directors.

- (a) The details of business relation or profession services that disqualify the person as an independent director
- (b) Reasons and necessity for why the person is needed to be appointed as an independent director



- (c) Opinions of the Board of Directors in regard to the appointment of such person as an independent director

### 8.2.3 Audit Committee

The Audit Committee consists of three independent directors, serving the term of three years. The policies to nominate and appoint Audit Committee members comply with the Notification of the Capital Market Supervisory Board At Tor. Jor 28/2551 concerning the request for permission and the permission for the IPO (including the amendments); the details are as follows:

1. Being appointed by the Board of Directors of the Annual General Meeting of Shareholders as a member of Audit Committee
2. Being a qualified independent director and
  - (a) Not being a director assigned by the Board of Directors to make decisions in business operation at the parent company, the affiliate, the subsidiary at the same level; not being a major shareholder or having control power over the Company and
  - (b) Not being a director of a parent company, a subsidiary or a subsidiary at the same level, which are listed in the Stock Market
3. Possessing adequate knowledge and experience to perform the duties as an audit committee member; note that at least one member of the Audit Committee shall have sufficient knowledge and experience to review the reliability of the financial statement

The principles and the appointment of members of Audit Committee are in line with the principles and the appointment of the Board of Directors. A member who completes his or her term can be re-elected.

### 8.2.4 The Executive Committee

The Company's Board of Directors appoints the members of Executive Committee, considering the appointment of directors or management members who are capable of managing particular core business operation. The Board of Directors also determines policies, business plans, structure and management policies as well as monitoring the performance of the management. The Nomination and Remuneration Committee considered the Executive who are capable, honestly and responsible for appointed by the Board of Directors.

### 8.2.5 The Risk Management Committee

The Company's Board of Directors has power to appoint six directors as members of the Risk Management Committee. It is compulsory that the chairman of the Risk Management Committee also holds the position of the independent director.

### 8.2.6 The Nomination and Remuneration Committee



The Company's Board of Directors appointed three directors to be members of the Nomination and Remuneration Committee. It is compulsory that at least one member be an independent director and that the chairman of the Nomination and Remuneration Committee also be an independent director.

### 8.2.7 The Credit Committee

The Company's Board of Directors appointed five directors to be members of the Credit Committee, considering the appointment of directors or management members who are capable of consideration and analysis lending proposal and collaterals based on the Company's policy.

## 8.3 Remuneration for Directors and the Management

### 8.3.1 Directors

#### Cash remuneration

The 2019 Annual General Meeting of Shareholders held on 24 April 2019 approved the remuneration for directors with payment made on a monthly basis. Note that the directors who are employees or the management do not get the director remuneration.

Positions	Monthly remuneration (Baht/month)	Attendance allowance/ Gratuity
Chairman of Board of Directors	135,000	-
Vice Chairman of Board of Directors	90,000	
Directors who are not employees or management	65,000	-
Sub Committee Remuneration		
Chairman of Audit Committee	25,000	
Chairman of Nomination and Remuneration Committee	25,000	-
Chairman of Risk Management Committee	25,000	-

The Annual General Meeting of Shareholders of the year 2018 on 24 April 2018 and the Annual General Meeting of Shareholders of the year 2019 on 24 April 2019, also determined the directors' bonus of the year 2018 and 2019, not exceeding to one percent of cash dividend paid to shareholders or 15 percent of stock dividend paid to shareholders. The bonus amount shall be not more than Baht 5,000,000, and will only be paid upon the payment of dividend to shareholders.

The details about remuneration for directors during 2018 -2019 are as follows:



Name	Position	Annual Remuneration		Bonus	
		2018	2019	2018	2019
Mr. Sukhont Kanjanahuttakit	Chairman of Board of Directors	1,620,000	1,620,000	1,030,030	894,000
Pol. Gen. Pharnu Kerdlarpphon	Member of Audit Committee /Chairman of Nomination and Remuneration Committee	1,080,000	1,080,000	643,780	596,030
Mr. Weerachai Ngamdeevilaiisak	Member of Audit Committee / Chairman of Risk Management Committee	1,080,000	1,080,000	643,780	596,030
Mr. Vinai Vittavasgarnvej	Vice Chairman of Board of Directors / Chairman of Audit Committee	1,380,000	1,380,000	858,370	761,590
Mr. Sumate Maneewattana	Independent Director	780,000	780,000	429,185	430,460
Mr. Weidt Nuchjalearn <sup>/1</sup>	Director	780,000	585,000	429,185	430,460
Mr. Pinit Puapan	Director	780,000	780,000	429,185	430,460
Mr. Veera Veerakool	Independent Director	780,000	780,000	214,590	430,460
Ms. DOUNGCHAI Kaewbootta <sup>/2</sup>	Director	780,000	780,000	321,890	-
Mr. Tzung-Han Tsai <sup>/3</sup>	Director	-	97,500	-	-
<b>Total</b>		<b>9,060,000</b>	<b>9,060,000</b>	<b>4,999,995</b>	<b>4,569,490</b>

Note <sup>/1</sup> Mr. Weidt Nuchjalearn was resigned from Director since 17 October 2019

<sup>/2</sup> Ms. DOUNGCHAI Kaewbootta requested not receive 2019 bonus.

<sup>/3</sup> Mr. Tzung-Han Tsai was appointed to be Director since 13 November 2019

#### Other remuneration

In 2012, the major shareholders decided to sell their 35,600 ordinary shares to the directors, at a par value at Baht 100 per share. According to the financial report standard No. 2 regarding the share-based payment, the sale of such ordinary shares forced SAWAD Group to book the employee expenses under the administrative expense item in the statement of comprehensive income ending 31 December 2012, adjusted and presented for compassion in the consolidated financial statement ending 31 December 2013. The booked employee expenses amounted to Baht 36.19 million, with the share-based premium at the same amount presented in the balance sheet.

### 8.3.2 The Management

The 13 members of the management received monthly salaries, bonuses and other benefits, e.g., the contributions to the provident fund, position-based allowance, transportation allowance, and etc. The amount of bonuses for directors and the management members are based on the Company's earnings



performance. For the management, the bonuses also depend on their performance and for the directors the bonuses are determined by the Nomination and Remuneration Committee

The total remuneration for 13 members of management in 2018 and 13 members in 2019 amounted to Baht 57.38 million and Baht 66.06 million, respectively.

Forms of remuneration (Baht)	2018	2019
Salaries and Bonuses	54,911,343	63,964,267
Commission fees		
Other benefits	2,464,507	2,097,206
<b>Total</b>	<b>57,375,850</b>	<b>66,061,473</b>

#### 8.4 Personnel

The number of employees of the Company and its subsidiaries in the past three years is shown in the following table.

Department (person)	2017	2018	2019
Marketing	16	19	2
Credit Risk	74	61	81
Investment Advisory Service	3	3	3
Collection and inspector	333	354	857
Branch Operation	36	31	29
Accounting and Finance	246	244	225
Operations	-	-	91
Personnel and Personnel Development	26	30	22
Information Technology	-	-	34
Branch Development	21	-	-
Branches	5,347	6,237	7,527
Strategy Investment	26	26	26
Office of Management	12	11	10
<b>Total employees</b>	<b>6,140</b>	<b>7,016</b>	<b>8,907</b>

Forms of Remuneration (Baht)	2017	2018	2019
Salaries and Bonuses	1,030,857,186	1,128,946,797	1,334,403,575
Commission fees	117,292,426	134,111,234	105,817,368
Other benefits	198,445,198	260,520,934	297,461,448
<b>Total</b>	<b>1,346,594,710</b>	<b>1,523,578,965</b>	<b>1,737,682,391</b>



The Company's contributions to the fund amounted to Baht 22,325,025 in 2017, Baht 26,858,786 in 2018 and Baht 31,831,051 in 2019.

#### **8.5 Labor Dispute**

No labor dispute has been reported.

#### **8.6 Policies for employee development**

The Company has a policy to provide regular trainings in order to boost the employees' skills and knowledge to keep up with the currently competitive environment. Orientation programs are organized for new employees while in-house trainings about new products and workshops advised by experts are regularly provided for general employees. Moreover, the Company also send employees to attend important external professional trainings, e.g., the change in accounting standard, the tax accounting and etc.

Moreover the Company is developing E-Learning program for employees' training through the Company's internal network.

#### **8.7 Workplace Security and Health**

The Company has policy to provide good security measures on its premises using standard systems and equipment for security control and by providing appropriate security guards. The Company provides suitable workplaces that encourage staff to perform their work efficiently and effectively take into consideration workplace safety and health together with the gathering of leaving information regarding accidents and sickness raising from work.



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**9 Corporate Governance****9.1 Corporate Governance Policies**

The Company realizes the importance of corporate governance where management and operations are effective and transparent for securitizing, prompting all related parties to trust the Company. Hence, the Company's business can grow in a sustainable way under the good corporate governance principles where business is operated with ethics, in accordance with relevant laws. As such, the Company determined the good corporate governance policies in order to enhance its operation, ensuring that the business is clearly operated under the clear standard. Employees at all levels follow operation procedure under the set corporate governance policies, creating a real culture of good corporate governance. The Company applies the good corporate governance principle for the year 2012, set by the Stock Exchange of Thailand, which are classified into five categories as in the following details:

**1. Rights of Shareholders**

The Company emphasizes the importance of the rights of the shareholders, no limiting to only the rights stated by laws. The Company shall refrain from any actions that violate the rights of shareholders while supporting shareholders to exercise their rights. Basic rights of shareholders include selling and transferring shares, sharing profits with the Company, receiving adequate information about the Company, attending shareholders meetings to vote for appointing or removal of directors, appointing auditors, considering matters that may have an impact on the Company, e.g., dividend payment, revisions of the Company's rules and regulations and memorandum of association, capital increase or decrease, approval of special transactions, and etc.

In addition to the aforementioned basic rights, the Company has also set guidelines for other issues to support and facility the right exercise of shareholders, as the following details:

- (1) Disclose policies about supporting or encouraging all groups of shareholders to attending shareholder meetings.
- (2) Disclose information about date, time, venue, agendas of the meetings with reasons for each agendas in the invitation letters to ordinary and extraordinary meetings or the attached meeting agenda; not do anything to limit the opportunity for shareholders to learn about the Company's information.
- (3) Facilitate shareholders' exercising their rights to attend meetings and vote; not do anything to limit the opportunity for shareholders to attend the meetings (i.e., the attendance to the meetings





- should not be complicated or requires too high expenses; the meeting venue should be easily accessed).
- (4) The chairman in the meeting should allocate appropriate time and encourage the shareholders to express their opinions or ask questions about the Company. Shareholders should also be allowed to ask questions prior to the meeting date. Criteria for sending advance questions shall be clearly indicated and informed shareholders together with the invitation letter to the meeting. The criteria for asking questions in advance is also announced on the Company's website.
  - (5) Encourage all directors to attend shareholders meetings and answer questions asked by shareholders.
  - (6) Arrange the voting for each matter in case one agenda contains several matters, e.g., the agenda about appointment of directors.
  - (7) Arrange technology devices to be used in the shareholder meetings, e.g., registration, voting, counting votes, showing results, in order to speed up the meeting resolutions with accurate results.
  - (8) Have independent individuals count votes in the ordinary and extraordinary meetings and disclose the vote results to the meeting as well as including the meeting results in the minutes of meetings.
  - (9) Ensure that the minutes of shareholders meetings include the explanation in regarding the procedure for registrations and the presentation of voting results prior to the meeting; allow shareholders to ask questions or raise issues; record questions, answers, voting results of each agenda ( i.e., agree, disagree, and abstain), the list of present directors and absent directors.
  - (10) Publicize the meeting results in each agenda of ordinary and extraordinary shareholder meetings on the Company's website after each meeting.

## **2. Equal Treat to Stakeholders**

The Company equally and fairly treats all stakeholders, including management shareholder, non-management shareholders, and foreign shareholders; the details of which are follows:

- (1) The meeting invitation letters, accompanies with meeting agendas and explanation and reasons, are sent to shareholders not less than 14 days prior to the meeting, or other timeframe as specified by relevant laws and regulations. An English version of the invitation letters are sent to foreign shareholders as appropriate.
- (2) Shareholders are well informed of any criteria in the meeting including the voting procedure and the voting rights in accordance with types of shares.
- (3) Determine the criteria for minority shareholders to propose additional agenda prior to the meeting date in order to present the fairness and transparency in order to determine whether or not the agenda proposed by minority shareholders shall be included in the meeting agenda. In addition, management shareholders shall not add any agenda not informed in advance, if not necessary, especially for any important agenda that shareholders need time to study before making decision.



- (4) Determine the ways for minority shareholders to propose names of persons as the Company's directors. They can propose the names to the Nomination and Remuneration Committee prior to the shareholder meeting date. Information about qualifications of such proposed persons and their permissions shall also be included.
- (5) Encourage shareholders to use the proxy letter in the form that enables the shareholders can determine the voting method; and propose at least one independent director as a proxy choice for shareholders
- (6) Encourage shareholders to cast the ballots in major agendas, e.g., connected transactions, disposal or acquisition of assets, and etc., for transiency and ability to be scrutinized.
- (7) Provide the opportunity for shareholders to exercise their rights to vote for appointing of directors.
- (8) Order all directors and management members to report their holding of assets, as required by law, and regularly submit the report to the Board of Director; the report shall also be disclosed in the Company's annual report.
- (9) Complete written guidelines for keeping and protecting the Company's internal information and disclose such guidelines so that all employees can follow; prohibit anyone involving in the Company's internal information from trading the Company's securities in one month before the disclosure of the quarterly financial statement and annual financial statement and 48 hours after such information is disclosed.
- (10) Order directors who involve in conflicts of interests in any agenda not to participate in considering that particular agenda.

### **3. Roles of stakeholders**

The Company realizes the importance in taking care of all stakeholders, including internal ones, e.g., the shareholders, the management, the employees, or the external ones, e.g., customers, creditors, business partners, society, commodities, and etc. The Company is well aware that support and opinions from all groups of stakeholders are beneficial to the Company's business operation and development. Hence, the Company always follows the relevant laws and regulations to uphold the rights of such stakeholders. Meanwhile, the Company refrained from doing anything to violate the rights of stakeholders. Moreover, in operating business, Company takes into account of the rights of all stakeholders, based on the following guidelines:

Shareholders : The Company treats all shareholders with equality and tries to maintain the benefits for them. The Company always refrains from violating the rights of shareholders. Also, the Company is committed to ensuring the shareholders' greatest satisfaction, taking into consideration its long-term growth and continuing to bring additional values and appropriate returns to shareholders. The Company is also determined to operate business in accordance with good corporate governance policies.



- Customers:** The Company is committed to maximizing satisfactory and boosting customers' confidence, taking good care of and be responsible for customers. The Company also ensures that all customers receive good and fair services with high quality under the set standard. The Company also seriously follows the terms and agreements made with customers in order to enhance the service quality and maintain good and sustainable relationship with customers. Moreover, the Company does not use the customers or related parties' information for personal benefits.
- Employees:** The Company treats all employees with equality and fairness in all aspects including, remuneration, welfare, potential enhancement. Also, the Company is always ready to listen to opinions and suggestions from employees at all levels, believing that all employees are valuable resources and key success factors for the organization. The Company is committed to creation of favorable organizational culture and working environment, promoting team work, enhancing employees' capability and career advance. The Company also ensures that all employees have stable careers and live with high living standard; meanwhile, the Company also creates safe working environment. Finally, the Company also encourage all employees to comply with relevant laws and regulations.
- Trade partners:** The Company takes into account the equality and fairness with trade partners and
- and creditors:** creditors, running business with honestly and maintaining benefits for trade partners and creditors. The Company seriously follows laws, rules and conditions agreed by both parties. Operating the business under the code of conducts, the Company does not unfaithfully gain or share profits with trade partners while seriously follows all agreed conditions. The Company also treats creditors with fairness and makes repayment within the set timeframe. The Company also takes care of collaterals and ensures that all conditions in the contracts and accurate and cover all aspects under the good corporate governance principle. In case the Company happens to be unable to follow the agreed conditions, it informs trade partners and creditors in advance so that all parties can help to solve the problem.
- Competitors :** The Company treats competitors under the international rules about trade competition, taking into account fair and equal competition rules. The Company does not try to obstruct other new players; nor does it destroy other competitors' reputation. The Company does not attract competitions with any false statement; nor does it involve in any unfair competition.
- Community, Society and Environment** The Company has policies to run business with responsibility to society, communities and environment, in terms of safety, good living quality, and natural resource preservation. The Company also promotes effective use of energy, taking



: into account the good living quality of communities and society. Finally, in operating business or making any business decisions, the Company also takes into account of possible impacts on the environment.

#### **4: Information Disclosure and Transparency**

The Company's Board of Directors emphasizes the importance of disclosure of both financial information and non-financial information that is accurate, adequate, prompt and transparent in accordance with regulations from the Office of Securities Exchange Commission and SET. The Company is also well aware that other information also has an impact on the Company's share price and thus affecting the decision making of investors and stakeholders. General practice in regard to information disclosure and transparency is discussed below:

- (1) Disclose general information through various channels specified by the Stock Exchange of Thailand, e.g., financial statement, 56-1 form, and annual report. In particular, the financial information in the financial statement must be prepared, up to general accounting standard in Thailand, audited or reviewed by an independent auditor and the Company's Board of Directors before disclose to public.
- (2) Disclose information both in Thai and English through other channels, e.g., the Company's website, and regularly update such information.
- (3) Disclose the summary of approved corporate governance policies as well as the results through various channels including the annual report and the Company's website.
- (4) Disclose the Board of Directors responsibility on the financial reports together with the auditor's report in the annual report.
- (5) Disclose the roles and responsibility of the committees and sub-committees, the number of meetings and the number of attendance in meetings of each director in the past year, comments about their performance, and the trainings for professional development for Boards of Directors in the financial report.

The Company has an Investor Relation which is responsible for communicate with investors analysts shareholders and regulators, and disclosing the financial and non-financial information in accordance with the information disclosure guidelines, in order to ensure that the Company has disclosed the information appropriately. In 2019, Management and Investor Relation had disclosed the Company's information via various activities as followings:



Activity	No. of Time	No. of Company	No. of Attendance
Analyst Meeting	5	197	202
Company visit/One on one Meeting	55	55	86
Conference Call	26	33	36
Investor Conference	7	33	82
Opportunity Day	3		

## 5. Responsibility of Board of Directors

### 1. Structure of the Board of Directors

- (1) The Company's Board of Directors consists of 12 directors who serve a service term of three years. Four of them are from the management while eight are not members of the management. Out of the total directors, five of them are qualified as independent directors, according to the Securities Exchange Commission's requirement that a SET-listed company have independent directors at the number equivalent to or more than one-third of the total directors. The directors are experts from various sector including corporate sector, financial sector, and accountings sectors, all of which help to support the Company's operation.
- (2) The Company requires that in the ordinary shareholder meetings one-third of directors shall vacate. If the number of directors cannot be divided into three portions, the number of directors closest to one-third shall vacate. In the first and the second year after the company is registered, the decision for which directors should vacate shall be ended in a draw. In the following years, the directors who are to vacate shall be the persons who have been in the position for the longest duration. Note, however, that the directors who have completed their terms can be re-appointed.
- (3) Directors can be directors at other companies, but the number of SET-listed companies where they hold the director position should not exceed five companies, including the non-listed subsidiaries of those listed companies.
- (4) The roles and responsibility of the Company's directors and management are clearly divided: the directors are responsible for determining policies and control the performance of the management in the policy level; meanwhile, the management members oversee overall operation and ensure that the Company's operation is well in line with the set policies.



- (5) The chairman of Board of Directors is appointed by the Board of Directors. The chairman is not the same person as the chairman of the Executive Committee or the managing director. These separate positions have clearly separated roles and responsibility in order that their power can be balanced. No one has absolute management power. Meanwhile, the managing director is responsible for the Company's daily routine operation under the policies as assigned by the Board of Directors. The scopes of power, duties and responsibility of the directors and the managing director have clearly been identified.
- (6) The Board of Directors appoints a secretary to the Company to take responsibility in the company as stated by the Securities and Stock Market Act (the name and the responsibility of the Company's secretary is disclosed in Item 9.1.6 of this report).

## 2. Sub-committees

The Company's Board of Directors also sets up another four sub-committees to oversee the Company's business operation. The sub-committees are the Audit Committee, the Executive Committee, the Risk Management Committee and the Nomination and Remuneration Committee.

- (1) The Audit Committee consists of three members, all of whom are independent directors. The Audit Committee has a duty to monitor the performance of the risk management, the internal financial and accounting control, the financial reports and other duties as specified by the Stock Exchange of Thailand.
- (2) The Company's Executive Management is comprised of four members, all of whom are those in the management team. The Executive Committee is responsible for assisting the management in managing daily routine work under the policies assigned by the Board of Directors.
- (3) The Risk Management Committee has six members, all of them are members of the Audit Committee, the independent directors and the members of Executive Committee. The Risk Management Committee takes care of drafting policies and plotting guidelines for the Company's overall risk management aspects. The Committee shall propose the drafted policies and guidelines for the Board of Directors to consider approval. The Committee also has a duty to determine strategies and guideline for the Company's risk management in accordance with the Company's overall risk management policies; the risk management strategies should be able to be evaluated, monitored and control the Company's risks at appropriate levels.
- (4) The Nomination and Remuneration Committee consists of three members, two of whom are independent directors. The Committee is responsible for considering policies and guidelines to determine payment and forms of remuneration for directors and the chief executive management, both in cash and non-cash forms. The remuneration should suit the Company's



performance and can be comparable to the remunerations for offered by other companies in the same industry. The Nomination and Remuneration Committee shall propose the suggested figures of remuneration for directors and chief executive management to the shareholder meetings for approval.

- (5) The Credit Committee consists of five members, four of them are those in management team and one of whom is an experience director in lending analysis. The Credit Committee is responsible for consider, evaluate, analyze, and approve lending proposal which exceeding the authorized of the Executive Committee.

### 3. Roles and responsibility of directors

- (1) The Board of Directors has duties to determine policies and overview of the organization and ascertain that the Company's operation goes well in line with the plans. The Board of Directors also reviews and provides comment in regard to the important matters linked to the Company's operation, e.g., vision and mission, strategies, goals, risks, work plans, and budget. In addition, the Board of Directors also ensures that the management efficiently and effectively operates business according to the set policies and working plans.
- (2) The Board of Directors had the good corporate governance principles written. The Board of Directors meeting No. 6/2013 held on 14 June 2013 approved such principles. The Board of Directors also ensures that the good corporate governance policies are regularly reviewed and followed.
- (3) The Board of Directors also encourages all management members and employees to understand the ethical standard that the Company refers to doing business. The Company's code of conduct is completed in a written form approved by the Board of Directors meeting on 14 June 2014. The approved code of conduct has been announced so that all employees can follow accordingly.
- (4) The Company's Board of Directors set policies about conflicts of interests, based on the concepts that any business transactions must be made only to maximize the benefits for the Company and that any transactions that may cause conflicts of interests shall be avoided. A person involving in any transactions with conflicts of interests is not allowed to take part in the consideration or approval of such transactions. Moreover, the Company's Board of Directors also ensures that the information about transactions with possible conflicts of interests are sufficiently and accurately disclosed.
- (5) The Board of Directors places emphasis on the internal audit and control, both in the management and operation levels. The Company hires P&L Internal Audit Co., Ltd., an outsourcing internal auditor, to perform the duty as the Company's internal auditor who reports



directly to the Audit Committee; this is to ensure that the Company's internal control affairs are appropriate and adequate. The Company regularly assesses its internal control, ensuring that the internal control is adequate, at least once a year and disclose the assess results in the Company's financial report.

- (6) The Board of Directors appoints members of Risk Management Committee to determine the overall risk management policies. The Company requires that the management analyze various risks that may arise and report them to the Risk Management Committee so that the risks can be controlled to an acceptable level. If there are any risks that hinder the Company's operation or prevent the Company from reaching its goals, the Company shall find measures to manage such risks. The Risk Management Committee has a policy to review or evaluate the risk management affairs at least once a year and the review and evaluation results are disclosed in the Company's annual report.

#### **4. The Board of Directors' Meetings**

- (1) The Company schedules of the Board of Directors' Meeting and make meeting agendas in advance before informing the directors. The Board of Directors shall convene not less than six meetings per annum.
- (2) The chairman of the Board of Directors and the managing director work together to determine the meeting agendas and consider issues to be included in the agendas, allowing each director to propose any matters to be included in the agendas.
- (3) In each meeting, the agenda document is sent to the directors at least five working days prior to the scheduled meeting to ensure that the directors have adequate time to consider the information, except for some urgent cases.
- (4) The chairman of the Board of Directors encourages directors to attend not less than 75 percent of the total meetings for the whole year.
- (5) The chairman conducts the meetings in an appropriate manner that is favorable to discussions and consideration of various issues, with directors allowed to freely express their opinions. For some agendas, the top management members may participate to provide additional useful information and to directly learn about the policies so that they can effectively apply such policies to operation.
- (6) The directors have the right to obtain necessary additional information from the managing director or the Company's secretary or other assigned management members. In some necessary cases, the directors may seek independent opinions from external professional service providers in the expenses of the Company.





- (7) The Board of Directors has a policy to allow separate meetings among non-management directors, as necessary, so that they can discuss the problems related to the management that interest them, without the presence of the management-based directors. The results of such non-management directors' meetings shall also be reported to the Board of Directors.
- (8) The resolution of an issue in the Board of Directors' meetings is based on the majority votes. One director holds one vote. A director involving in conflicts of interests in an issue does not attend the meeting and has no voting right in that particular issue. If the votes are equal, the chairman shall have another vote, which is deemed final.
- (9) In each meeting, the secretary to the Board of Director shall attend and complete the meeting minute. The complied minute shall be verified and signed by the chairman and shall be the first agenda for the next meeting proposed for the approval. The secretary is responsible for keeping information and documents about the meetings for future references.

In 2018 and 2019, the Board of Directors convened a total of 13 meetings and 12 meetings, respectively; the details of which are as follows:

Name	Position	2017	2018
1. Mr. Sukhont Kanchanahuttakij	Chairman of Board of Directors	13/13	12/12
2. Mr. Chatchai Kaewbootta	Director	13/13	12/12
3. Ms. Doungchai Kaewbootta	Director	10/13	12/12
4. Pol. Gen. Pharnu Kerdlarpphon	Member of Audit Committee / Independent director	11/13	11/12
5. Mr. Weerachai Ngamdeevilaisak	Member of Audit Committee / Independent director	11/13	9/12
6. Mr. Somyot Ngerndamrong	Director	11/13	12/12
7. Mr. Vinai Vittavasgarnvej	Vice Chairman of Board of Directors/ Independent director	13/13	10/12
8. Mr. Prayong Saennual	Director	13/13	12/12
9. Mr. Sumate Maneewattana	Director/ Independent director	9/13	11/12
10. Mr. Weidt Nuchjalearn <sup>/1</sup>	Director	12/13	7/9
11. Mr. Pinit Puapan	Director	11/13	9/12
12. Mr. Veera Veerakool	Director/Independent director	11/13	9/12
13. Mr. Tzung-Han Tsai <sup>/2</sup>	Director	-	-/2

Note <sup>/1</sup> Mr. Weidt Nuchjalearn resigned from Director since 17 October 2019



<sup>/2</sup> Mr. Tzung-Han Tsai was appointed as director by the Board of Directors' meeting No. 10/2019 on 13 November 2019

The meetings of Executive Committee must be arranged at least six meetings per annum and the meetings can be called on anytime once urgent agendas need approval. The minutes of meetings are made in written and the minutes are systematically kept and able to be scrutinized.

The Board of Directors' Meeting No. 5.2013 on 15 May 2013 appointed the Audit Committee, affective from 15 May 2013. The Extraordinary Meeting of Shareholders No. 1/2013 on 31 May 2013 resolved that the Audit Committee should convene at least four meetings per annum and that the minutes of meetings should be made in written and systematically kept for future examination and self-evaluation of the Audit Committee.

The directors support the evaluation of overall directors' performance at least once a year so that all directors can work together to review performance and problems for future improvement.

In 2018 and 2019, the sub-committees convened meetings, the details of which are as follows:

Name	Title	2018	2019
Audit Committee			
1. Mr. Vinai Vitavasgarvej	Chairman of Audit Committee	5/5	4/4
2. Pol. Gen. Pharnu Kerdlarpphon	Member of Audit Committee	4/5	4/4
3. Mr. Weerachai Ngamdeevilaisak	Member of Audit Committee	5/5	4/4
Nomination and Remuneration Committee			
1. Pol. Lt. Gen. Pharnu Kerdlarpphon	Chairman of Nomination and Remuneration Committee	2/2	3/3
2. Mr. Weerachai Ngamdeevilaisak	Member of Nomination and Remuneration Committee	2/2	3/3
3. Mr. Chatchai Kaewbootta	Member of Nomination and Remuneration Committee	2/2	3/3
Risk Management Committee			
1. Mr. Weerachai Ngamdeevilaisak	Chairman of Risk management Committee	3/3	3/3
2. Mr. Sukont Kanjanahuttakit	Member of Risk Management Committee	3/3	3/3
3. Pol. Gen. Pharnu Kerdlarpphon	Member of Risk Management Committee	3/3	3/3
4. Mr. Chatchai Kaewbootta	Member of Risk Management Committee	3/3	3/3



Name	Title	2018	2019
5. Mr. Somyot Ngerndamrong	Member of Risk Management Committee	3/3	3/3
6. Mr. Prayong Saennual	Member of Risk Management Committee	3/3	3/3
Credit Committee			
1. Mr. Chatchai Kaewbootta	Member of Credit Committee	8/8	5/5
2. Mr. Weidt Nuchjalearn	Member of Credit Committee	8/8	3/3
3. Ms. Doungchai Kaewbootta	Member of Credit Committee	8/8	5/5
4. Mr. Somyot Ngerndamrong	Member of Credit Committee	8/8	5/5
5. Mr. Prayong Saennual	Member of Credit Committee	8/8	5/5

## 5. Remuneration

- (1) The remuneration for directors is based on their roles and scopes of responsibility as well as the Company's earnings performance; the remuneration is comparable to what offered by peers in the industry.
- (2) The remuneration for the managing director and top management officers is based on the principles and policies determined by the Board of Directors and approved by the shareholders' meetings, maximizing benefits for the Company. The remuneration is offered in forms of salaries, bonuses and other benefits.
- (3) The Nomination and Remuneration Committee evaluates the performance and remuneration for directors, management-based directors and the managing director on an annual basis; the proposed amount of remuneration is subject to the approval of the Board of Directors' meeting and the shareholders' meeting.
- (4) The amounts of remuneration paid to directors are disclosed in the Company's annual report.

## 6. Development of directors and management

- (1) The Company's Board of Directors has a policy to support and encourage directors, management, and the Company's secretary to attend trainings or seminars to enhance knowledge and apply the knowledge to their work on a continuous basis.
- (2) In case of new directors, the management provides useful documents and information for the new directors to learn about the Company's business characteristics and business guidance.
- (3) Board of Directors provides programs aimed at developing the management; the managing director shall make a report on what have been done during the year on an annual basis.



In 2018, the Company provided director and management to attend the training courses concerning with the new regulations of Bank of Thailand, The Security Exchange Commission, The Stock Exchange of Thailand and Federation of Accounting

## 9.2 Control of Internal Information Usage

The Company has a policy to prevent the Company's internal information usage, especially the information about the Company's financial status before disclosure to the public. The number of people being aware of the internal information is limited. The management is given the information about their duties and responsibility regarding the requirement that they report their shareholding as well as the shareholding of their spouses and minority children, including the requirement in the amended law (Securities Act). Any management members who are aware of the Company's internal information shall not violate Article 241 of the Securities Act. The Company's Board of Directors announced the follow rules for internal use of the Company's informational:

- 1) Directors, management, employees, and general workers of the Company shall strictly keep the internal information confidential
- 2) Directors, management, employees and general workers shall not disclose the Company's secrets/internal information or use such information for their own benefits or other people's benefits, either directly or indirectly, whether or not they receive compensation in return of such action.
- 3) Directors, management, employees and general workers shall not sell, buy or transfer shares by using the Company's secrets and/or internal information and/or perform any transactions by using the Company's secrets and/or internal information. They shall refrain from any actions that may damage the Company, either directly or indirectly. This rule also is applicable to spouses and minority children of directors, management, employees and general workers. Those violate the rule shall be regarded as serious violation.
  - 1) The Company determined guideline for preventing of insider trading: directors, management, employees holding the positions of vice president upwards, and individuals involving in the Company's internal information are prohibited from trading the Company's shares within one month prior to the disclosure of the quarterly financial statement and annual financial statement and 24 hours after the disclosure of such information.
  - 2) Directors, management, and the persons in the management level in the accounting and finance department holding the positions of managers upwards or equivalent are required to report about their holding of shares in the Company. This rule is also application to their spouses and minority children. The report should be made to the Company's secretary within 30 days starting from the date they start work in the position.



- 3) Directors, management, and the persons in the management level in the accounting and finance department holding the positions of managers upwards or equivalent are required to report every stock trading transaction to the Office of Securities and Exchange Commission within three working days, according to the Securities and Exchange Act. In addition, any changes in security holding shall be informed to the Company's secretary.

Movement of directors and managements' share holdings in 2019, details as follows:

Name	Beginning Balance at 1 Jan. 2019	Purchase/ Exercise Warrant	Dividend received	Sell	Ending Balance at 31 Dec. 2019
1. Mr. Sukont Kanjanahuttakit	-	-	-	-	-
2. Mr. Vinai Vittavasgarvej	-	-	-	-	-
3. Pol.Lt.Gen. Pharnu Kerdlarphphon	-	-	-	-	-
4. Mr. Weerachai Ngamdeevilaiak	-	-	-	-	-
5. . Mr. Sumate Maneewattana	-	-	-	-	-
6. Mr. Pinit Puapan	-	-	-	-	-
7. Ms. Thida Kaewbootta	364,831,624	-	36,483,160	-	401,314,784
8. Ms. Doungchai Kaewbootta	88,141,959	-	8,814,195	-	96,956,154
9. Mr. Chatchai Kaewbootta	43,006,909	-	4,300,690	-	47,307,599
10. Mr. Somyot Ngerndamrong	-	-	-	-	-
11. Mr. Veera Veerakool	174,770	72,000	24,677	-	174,770
12. Mr. Tzung-Han Tsai	-	-	-	-	-
13. Mr. Prayong Saennual	791,666	-	70,006	(361,672)	500,000
14. Mrs. Wanaporn Pornkitipong	918,181	14,844	91,818		1,024,843
15.Mrs.Chomchaba Sathapornpong	-	-	-		-

### 9.3 Code of Conduct

The Company's code of conduct is set for all management of the all companies under SAWAD Group and all employees at all levels whether or not they sign the acknowledgement.



According to the business operation principles, a reputation for being honest is extremely valuable to the Company. The issue also has an impact on the business success and earnings growth of the Company. Similarly, a good reputation of executive officers from the department head upwards is also important. The standard of code of conduct has a direct impact on the trustworthiness of the Company as a whole.

**1) To comply with laws and regulations**

The Company's objective is to run business in compliance with laws and regulations and with respects for the rights of the Company's counter parties and customers.

**2) The Company's policies and codes of conduct**

**2.1 To follow rules, regulations, announcements and orders**

This code of conduct is announced in addition to existing rules, regulations, announcements and other orders of the Company. Should there be any statements in existing rules, regulations, announcements or orders that contradict any statements in this code of conduct, the statements in this code of conduct shall be deemed as the final guideline.

All management members or executive officers shall follow the rules, regulations, announcements and orders of the Company and those in superior positions.

- (1) They shall ensure that all employees acknowledge the Company's policies and rules, regulations, orders, agreements, announcements or circular notices.
- (2) They shall perform duties with honesty and fairness and shall inform of any events that may damage the reputation and assets of the Company.
- (3) They shall treat colleagues with polite manners and respects.
- (4) They shall perform duties with determination and diligence, maintaining the Company's traditions and good governance and acting as a good model for all employees, in order to drive the Company's growth in righteous ways.
- (5) They shall retain the benefits and secrecy of the Company, customers or any related parties. Information about the Company's financial data and individuals must be accurately and appropriately disclosed in cautious and effective manners. Throughout the duration for which the employees work for the Company and after they resign from the Company, they shall keep the aforementioned information strictly confidential. Any employees who disclose the information to outsiders or use the information in other matters apart from work-related matters



shall agree to take responsibility for compensations of any damages to the Company, based on the actual degree of damage.

- (6) They shall do their best to protect the Company's assets, prevent damages and loss, either caused by individuals or natural disasters. In addition, they shall not use the Company's equipment or assets for their personal purposes.
- (7) They shall perform their management duties with righteousness and also try to promote ethics, morals and righteousness among employees at all levels. They shall also solve problems in regard to conflicts of interests in the Company.
- (8) They shall treat their subordinates closely and fairly, without bias.
- (9) They shall be willing to work as a team, being opened to team members' ideas and opinions.
- (10) They shall follow the Company's rules and regulations as well as ensuring that their subordinates follow the rules about computer usage, computer information, computer traffic data; this is to ensure that the use of computer in the Company complies with computer laws, copyright laws or other related laws and also to prevent any damages to the Company's reputations and images.

## 2.2 Prohibition

All employees at the management level shall not act in a way that may damage good images of themselves and the Company:

- (1) They shall not act or perform any actions on personal purposes during office hours
- (2) They shall not run the same business to compete with the Company, either for their own benefits or the benefits of others; they shall not hold stake in a company with controlling power, which may have negative impacts on the Company, either directly or indirectly.
- (3) They shall not behave in a way that that damage good images of their positions and the honor of the Company.
- (4) They shall not disclose false information or conceal important information of the Company.
- (5) They shall not work with carelessness or do something inappropriate to their position.
- (6) They shall not conceal or distort information, which may directly or indirectly damage the Company, for their own benefits or benefits of other people.
- (7) They shall not attempt to obstruct performance of authorized individuals in the Company nor order other employees to perform morally bad things.



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- (8) They shall not violate civil and criminal laws that ruin themselves or others, either directly or indirectly.
  - (9) They shall not disclose wages, salaries or salary increases of themselves or others, either intentionally or unintentionally.
  - (10) They shall not ask for or receive any assets or any other benefits from customers, partners, competitors or any individuals that do business with the Company; they shall not offer inappropriate treats, except for some traditional and seasonal gifts, normal business luncheons, or any expenses that help to promote the Company's business for traditional business exchanges. However, if the value exceeds Baht 3,000, they shall report to their managers or those in superior positions, i.e., vice president upwards.
  - (11) They shall not involve in bribery, either directly or indirectly through the third party and/or inappropriately use influence with state agencies, customers or partners.
  - (12) They shall not make additions, reductions, or revisions in any records or information in order to intentionally alter or distort the Company's performance and account booking regardless of their purposes.
  - (13) They shall not make payment or any business transactions with intention to make other people understand that part of the payment or the business transactions are done for other purposes apart from the purpose indicated in the documents.
  - (14) They shall not hold massive debts or be indicated by law that they are in huge debt.
  - (15) They shall not fail to keep the Company's intellectual information or any information obtained from the employees' performance.
  - (16) They shall not copy performance or intellectual property of other people.
  - (17) They shall not do immorally bad things to seek benefits for themselves or other people.
  - (18) They shall not assign any departments not relating to the purchasing functions to seek supports from traders or partners (in case that it is necessary to seek such support from the Company's benefits, such departments shall consult with the purchasing department so that the purchasing department will proceed with further actions, except for the matters relating to marketing activities for which the marketing and business development department will be in charge).





- (19) They shall not do anything in favor of any individuals to seek benefits from the Company or access or do something with the Company's computer system, computer information and computer traffic information without permissions; they shall not intend to support or allow users to violate computer laws, copyright laws or any other related laws.

**3) Disciplinary Actions**

- (1) Minor violation: Any management member who fails to follow the code of conduct but the degree of violation is rather minor, he shall receive a warning in written, indicating nature of the violation and reasons. The management is entitled to defend himself against the allegation with the person holding a superior position. If the problem remains unsolved, the matter will be submitted to the scrutinizing committee appointed by the chief executive office. The ruling from the scrutinizing committee shall be deemed final. If the management still involves in the second violation or fails to correct the mistakes from the first violation, he shall face disciplinary actions, including employment termination.
- (2) Severe violation: Acts of severe violations include bribery, corruption, disclosure of the Company's confidential information or intellectual property to the third party, actions against the Company's honor and deliberate concealment of information, discussion or important document to the person in the superior position: The Company is entitled to terminate the employment without any compensation or a warning in written.

**4) Anti-Corruption Policy**

In order to provide clear standards and procedures for the Company's measures to effectively prevent corruption, the roles and responsibilities of the relevant parties are determined as follows:

**1.1 The Board of Directors** has the following duties:

- 1.1.1 Determine and approve anti-corruption policies.
- 1.1.2 Approve and review guidelines for anti-corruption measures.
- 1.1.3 Supervise to have a system that supports anti-corruption measures that is effective.

**1.2 The Audit Committee** has the following duties:

- 1.2.1 Review to ensure that the Company has adequate internal controls in place.
- 1.2.2 Review to ensure compliance with the anti-corruption policy.

**1.3 The Chairman of the Executive Committee and the President** have the following duties:

- 1.3.1 Promote, support, and supervise to ensure that all employees and related parties comply with the anti-corruption policy, anti-corruption measures, and various related regulations by communicating to all employees and related parties.



1.3.2 Review the appropriateness of the systems and policies to comply with business changes, regulations, and legal requirements.

1.4 The **executive director level and above** have the following duties:

1.4.1 Control and direct the implementation of anti-corruption measures to be practical. Able to identify risks, inspect and manage to have adequate measures to solve problems appropriately, quickly and timely.

1.4.2 Support the development of processes and personnel in order to achieve the anti-corruption policy of the organization.

1.5 **Employees** have the following duties:

1.5.1 Understanding and complying with anti-corruption policy, and any other related measures, and attending training as determined by the company.

1.5.2 Report signs of corruption immediately when discovered, or suspecting whether there will be corruption. Cooperate in investigation of facts related to suspicions of corruption.

1.5.3 Employees must not be involved in corruption either directly or indirectly, and must follow the policy or procedures of the company strictly, especially the employees involved in the work involving crucial processes that are at risk of corruption such as procurement, credit, staffing, and financial reporting.

1.6 **Internal Audit Department** has the following duties:

1.6.1 Examine and review the operation to ensure compliance with the policy, and regulation to ensure that there is an appropriate and adequate internal control system for potential corruption risks, and report to the Audit Committee.

1.6.2 Develop tools for assessing corruption risks and arrange for the organization to assess corruption risks.

1.6.3 Summarize risk assessment results and present to the Risk Management Committee.

1.6.4 Summarize measures and corruption risk control guidelines that the department has considered, and review corruption risks at least every 3 years.

1.7 **Human Resource Department** has the following duties:

1.7.1 Manage human resources in accordance with the anti-corruption policy of the company.

1.7.2 Implement hiring process, orientation, training, and penalties that take into account anti-corruption measures.



1.7.3 Promote a culture that fosters anti-corruption practices, including avoiding actions that may be subject to corruption.

1.7.4 Communicate and disseminate policies and measures against corruption and related activities in order to create consciousness in operating with integrity without corruption.

**1.8 Accounting and Finance Department** has the following duties:

1.8.1 Record and maintain data and documentation pertaining to receipt, payment, and tax transactions.

1.8.2 Carry out financial operations, and accounting procedures in accordance with generally accepted accounting standards.

1.8.3 Oversee reimbursement transactions in accordance with standard policy and procedures for expense reimbursements, as well as Company's anti-corruption measures.

## **2. Control framework**

### **2.1 Internal control system**

The Company has established operational policies and procedures that encompass proper segregation of duties according to the reporting structure and, as well as clearly defined levels of authority for approval. The operational processes include a system of internal controls and oversight in accordance with anti-corruption measures. The processes are independently reviewed by the internal auditors. All employees are expected to operate in accordance with the Company policies and procedures.

### **2.2 Guidelines for conducting business in accordance with the anti-corruption policy**

The company has set up procedures and guidelines to prevent the risk of corruption based on the common forms of corruption as follows:

#### **2.2.1 Giving and receiving bribes**

2.2.1.1 Directors, executives and employees are prohibited at all levels from giving or receiving bribes in any form to gain business benefits, including assigning others to give or receive bribes on their behalf.

2.2.1.2 Directors, executives and employees are prohibited at all levels from acting as an intermediary to offer or accept bribes to or from those related with the business of the company.

#### **2.2.2 Giving or accepting prizes, gifts, entertainment, or other benefits**

Giving or receiving gifts, entertainment, or other benefits to or from customers, suppliers, business representatives shall be conducted in accordance with Company policy regarding



the provision of or accepting gifts, entertainment, or other benefits. Nonetheless, anti-corruption principles shall be adhered to and the transactions shall be transparent.

#### 2.2.3 Political assistance

The company shall not engage in political activities to help or support political parties, political groups, or politicians whether directly or indirectly, including not using any assets of the company to do so.

#### 2.2.4 Charitable and public donations, and provision of financial support to others

2.2.4.1 Donation of money or property for charity or public interests, and provision of financial support to others must be transparent, legal and moral, including not taking any action that will have a negative effect on the society as a whole.

2.2.4.2 Donation of money or property for charity, and provision of financial support shall not be used as a front to conceal bribery.

2.2.4.3 Disbursement for charity expenses and financial support shall comply with the Company policies and procedures regarding administrative expenditures, as well as the authorization matrix for approving expenses. The disbursement must specify clear objectives, and shall include verifiable evidence to support the transaction.

#### 2.3 Rotation of staff duties

The Company shall promote a rotation of duties of employees responsible for roles that are vulnerable to corruption, such as procurement agencies, branch migration, etc.

### 5) Guidelines for reporting clues / corruption complaints

5.1 Employees must not disregard or ignore acts that contradicts the company's policies or actions that may be related to corruption involving the Company. Employees must notify their direct supervisor or the supervisor responsible for the department.

If there are any questions or inquiries, the employee may consult their supervisor.

5.2 Those who have witnessed or suspected that there are acts of corruption, or have been affected due to their action against corruption, may file a complaint through any of the company's channels as follows:

- Directly notifying the Company's Chief Executive Officer or Managing Director;
- Directly notifying the Chairman of the Audit Committee through the Secretary of the Audit Committee;



- Notifying their direct supervisors.

For of matters concerning senior management or director level, the employee may directly inform the Chairman of the Audit Committee.

5.3 Employees shall cooperate in verifying and providing facts upon witnessing acts of corruption.

5.4 The company is committed to treat employees who report on or reject acts of corruption with fairness and to provide protection in accordance with the policy on corruption reporting.



## 10. Corporate Social Responsibility

The Company has a policy to operate business based on the principles of ethical business and the code of conduct. The Company is also committed to work for society and communities by organizing various social campaigns. For instance, the Company launched the safe driving and not-drive-drunk campaign in co-operation with the Traffic Police Division. As a part of the campaign, the Company published leaflets promoting safe driving and a handbook aimed at encouraging people to be well conscious and have a habit of safe driving. Moreover, the Company also donated motorcycles and cars to vocational schools and educational institutions in the provinces where the Company's branches are located. The program helped to provide students with equipment used for learning. The Company also donated money to renovate and rebuild the ruined school.

The Company has policies about corporate social responsibility as follows:

**1. Operate business with fairness**

The Company aims to treat all customers on the basis of fairness, whereby all customers shall be treated equally.

**2. Be against corruptions**

The Company has already released a mandate of measures to avert corruption for all employees, management, and directors to adhere to. These measures will also be applied to all business partners and vendors going forward as well

**3. Respect human rights**

The Company is considerate of human rights in providing for an equal opportunity to access funding source. Thus, the Company has opened branches to cover nearly all "Tambons" in the country, enabling customers to more conveniently access a source of funding. In addition, the Company employs staff from the local community as in initiative to provide employment opportunities to qualified individuals who would not need to relocate to another district to find work.

**4. Treat labor or employees with fairness**

The Company treats all employees fairly and provides for an opportunity to learn a wide range of tasks. The Company has engaged in initiatives to denounce drug use and human trafficking in conjunction with the related government agency and local authorities.

**5. Be responsible for consumers**

Although the Company is engaged in the consumer lending business, responsibilities to the customers is a key component of the organization's policies and procedures.



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**6. Preserve environment**

The nature of the Company's business practice is service-oriented, which has no direct impact to the environment. Nonetheless, the Company promotes conservation of resources by its employees including electricity, water, and also encourages the use of paperless documentation for instance.

**7. Participate in programs about community and social development**

The Company has plans to participate in community development efforts starting with the promotion of awareness against drunk-driving through distribution of pamphlets and handouts. The Company recognizes a need to develop labor skills in the automobile maintenance industry, and has donated cars and motorcycles to the related vocational schools and educational institutions to be used as learning tools for the students.

The Company has sponsored efforts to foster education and career opportunities for people with disabilities through the Autism Foundation of Thailand, the Kru Boonchoo Foundation, and the Samarn-Kaewbootta Foundation. In 2017, the Company received a certificate of recognition from the Association for Parents of Person with Intelligence Disability of Thailand for the contributions thus far.

The Company Joined the rescue of communities affected by major flooding in the Northeast, including Ubon Ratchathani, Yasothon, Sisaket, and Roi Et by locally distributing necessities in the impact areas.

The Company has cooperated with the National Health Insurance Agency in providing health check-ups to nearby communities at the Company's headquarter.

**8. Hold innovations and disclose information about the innovations arising for operation linked to responsibility to society, environment, and stakeholders**



## 11. Internal Control and Risk Management

Placing emphasis on the importance of good internal control, the Company's Board of Director set up the Audit Committee to work on ensuring that the Company and its subsidiaries have appropriate and effective internal control system. The Audit Committee also ensures that the Company operates business in compliance with the securities and stock exchange laws as well as the rules and regulation of the Stock Exchange of Thailand and relevant laws that relate to the Company's business.

The Board of Directors evaluated the Company's internal control system by inquiring the management as well as other concerned officers and by studying the past audit reports. The Company's internal control system can be concluded into five key elements based on the concept of the Committee of Sponsoring Organization of Treadway Commission (COSO). The five key elements are: i) organizational environment; ii) risk assessment; iii) control of operation activities; iv) information & communication and v) monitoring activities. The Board opined that the Company had the internal control system, which was appropriate and sufficient for business operation under the current environment. The results of internal control evaluation approved by the Company's Board of Directors can be summarized below:

### 1) Organizational environment

SAWAD Group has good organizational environment favorable to support effective internal control system. All people are aware of the necessary of the internal control system. The structure is appropriately designed and duties are clearly identified. Policies and regulations are announced in a written form.

### 2) Risk Assessment

The Company emphasizes the importance of risk management; hence, it arranges the operating evaluation and assessment of risks that may have an impact on the Company at least one a year. The management analyses possible risks and report them to the Company's Board of Directors as well as suggesting ways to manage or control such risks at acceptable levels. For any risks that may prevent the Company from achieving its business goals, the Company must find measures to manage such risks.

### 3) Control of operation activities

The Company has a policy to control operation activities, ensuring that the management's guidance well followed by all employees. The approval authority and power are appropriately determines. Duties of each position are clearly separated in order to prevent corruption. Procedures for transactions involved by major shareholders, directors, the management or related persons are





clearly indicated in order to prevent conflicts of interest, in accordance with the regulations of Capital Market Supervisory Board and the Stock Exchange of Thailand.

#### 4) Information & Communication

The Company sufficiently keeps information, which is useful for the Company's business operation. Documents are systematically filed in accordance with the sections, especially for the accounting documents, which are very important for financial reports. Moreover, the Company also has back-up taped information about daily operation. Such back-up information is separately stored out of the Company's offices; this is to ensure that in some emergency cases the Company always has information used for business operation.

#### 5) Monitoring Activities

The Company continued to monitor the performance and compared it to the set targets. In addition, the Company also follows up and monitors the operation by appointing a department to examine the branches' operation on a regular basis. The examination results are reported to the managing director; this is to ensure that all employees strictly follow rules and regulations stated in the Company's operation guideline. Moreover, the Company also hires an external company, P&L Internal Audit Co., Ltd, to be an internal auditor who assesses the internal control system of the Company and reports directly to the Audit Committee on a quarterly basis.

### 11.1 Opinions of the Company's Directors in regard to the internal control system.

In the Board of Directors Meeting No. 2/2020 on 25 February 2020 where the Audit Committee also attended, the Company's Board of Directors assessed the internal control system by having the management explain various systems linked to the internal management and control and also by inquiring the management. In light of this, the Board of Directors opined that the Company's internal control system was adequate and appropriate under the current circumstances. To elaborate, the Company's control system covered all five key elements, namely organizational environment, risk assessment, control of operation activities, information & communication and monitoring activities.

Meanwhile, P&L Internal Audit Co., Ltd., which is an external company, provided sufficient personnel to effectively carry out the internal control operation, including the income and expense cycles. In addition, the external company also controls the use of the Company and subsidiaries' assets and prevents such assets from being wrongly used by employees and management.

### 11.2 Opinions of the Audit Committee

In the Audit Committee Meeting No. 1/2020 on 25 February 2020, the Audit Committee provided opinions in regard to the internal control system and completed the evaluation form for the adequacy of



the internal control system designed by the Office of the Securities Exchange Commission and the Stock Exchange of Thailand. The evaluation covered all five key elements, i.e., i) organizational environment; ii) risk assessment; iii) control of operation activities; iv) information & communication and v) monitoring activities. The Audit Committee opined that the Company's internal control system was sufficient and went in line with the guidance and that there was no significant change from the previous year.

### 11.3 Head of Internal Control

The Company does not have a head of the internal control department who directly oversees the Company's internal control affairs but the Company hires an external company to carry out the evaluation of the internal control system of the Company and subsidiaries. The hired external company is

P&L Internal Audit Co. Ltd.

73/290-294, The Fifth Avenue Building B, 2<sup>nd</sup> floor,

Bangkok-Nonthaburi Rd, Bangken,

Muang, Nonthaburi, 11000



## 12. Connected Transactions

Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>1. Srisamarn Condotel Co., Ltd. ("Srisaman Condotel")</p> <p><u>Type of Business</u> Property for rent</p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>- Ms. DOUNGCHAI KAEWBOOTTA, holding 7.26% shares in the Company and being the Company's director, member of Executive Committee, was a major shareholder of 50% in Srisamarn Condotel.</li> <li>- Ms. THIDA KAEWBOOTTA, the Company's major shareholder of 30.03%, was a major shareholder of 50% and a director of Srisamarn Condotel.</li> </ul>	<p><u>Office Lease</u></p> <p>SAWAD Group leased the space of 2,039.57 sq.m. with the rent of Baht 171.80/sq.m./month and the room at Srisaman Condotel, Soi Intamara 41, Suthisanwinichai Rd, Din-dang Sub-district, Dindaeng District, Bangkok. The space was used as office and storage of collateral documents and the room was for employees' stay. The lease contract lasted one year.</p> <ul style="list-style-type: none"> <li>• Rent</li> <li>• Accrued Rental</li> </ul>	<p>7,849,565</p> <p>611,986</p>	<p>7,642,156</p>	<p>SAWAD Group leased space at Srisamarn Condotel for used as an office and storage for collateral documents while waiting for the time to submitting the documents to the commercial bank as well as for an accommodation for employees to come to attend meetings. This was part of the Company's core business operation. The rent and payment conditions were the same as Srisamarn Condotel quoted for outsiders and they were based on the core business operation of Srisamarn Condotel.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction supported the Company's core business operation. The rent was</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
				appropriate and comparable to the rents at nearby property and it equated the rent quoted for outside tenants. The payment conditions were set in accordance with the core business operation. Thus, the transaction was deemed necessary and justified.
<p>2. Srisamarn Bangkok Co. Ltd. ("Srisamarn Bangkok")</p> <p><u>Type of Business</u></p> <p>Property for rent</p> <p><u>Relationship with the Company</u></p> <p>- Mr. Chatchai Kaewbootta, holding 3.54% share in the Company and being a director and a Chief Executive Officer of the Company, was a major shareholder with 40%</p>	<p><u>Office Lease</u></p> <p>SAWAD Group leased two commercial buildings for use as its offices, with three-year lease contracts, starting January 2019 and ending December 2021.</p> <p>1. A four-storey floor commercial building with the space of four blocks and 80.3 square wah, located on Rangsit- Pathumthani Rd, Bangprok Sub-district, Mueng</p>			SAWAD Group leased offices from Srisamarn Bangkok for use as two branches to support the Company's core business operation. The rental rate for Pathumthani branch office equated the rental rate appraised by Fast and Fair Valuation Co. Ltd. ("independent appraiser"). The rental rate for the office at Ramkamhaeng was lower than the rental rate appraised by the independent appraiser.



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>holding and a director of Srisaman Bangkok.</p> <ul style="list-style-type: none"> <li>- Ms. Doungchai Kaewbootta, holding 7.26% shares in the Company and being the Company's director, member of Executive Committee, held 11% shares in Srisamarn Bangkok.</li> <li>- Mrs. Jariya Kaewbootta</li> <li>- The Company's 5.88% shareholder</li> <li>- Mother of Ms. Doungchai Kaewbootta, holding 7.26% shares and being a director, a member of Executive Committee of the Company</li> <li>- Mother of Ms Thida Kaewbootta, holding 30.03% shares of the</li> </ul>	<p>District, Pathumthani</p> <p>2. A four-storey commercial building with the space of two blocks and 36.0 square. Wah, located on Ramkamhaeng Rd, Huamark Sub-district, Bangpaki District, Bangkok</p> <ul style="list-style-type: none"> <li>• Rent</li> </ul>	1,289,580	1,059,640	<p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended, the landlord is able to hike the rental rate by not more than 12 percent of the existing rate and the contract can be extended for at least three years.</p> <p><u>Comment from the Audit Committee</u></p> <p>The lease of two buildings supported the Company's core business operation. The leased assets were necessary and appropriate, compared with other offices leased from outsider landlords. The current rental rates were comparable to the rates appraised by the impendent appraiser who conducted the appraisal for public interest. The lease terms were in accordance with the</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>Company</p> <p>- Wife of Mr. Chatchai Kaewbootta, holding 3.54% shares and being a director and a Chief Executive Officer of the Company</p> <p>Mrs. Jariya Kaewbootta was a major shareholder with 40% shareholding and a director of Srisamarn Bangkok.</p>				<p>Company's core business operation. Therefore, the transaction was necessary and justified.</p>
<p>3. I.D 2007 Co. Ltd. (I.D. 2007")</p> <p><u>Type of Business</u></p> <p>Trade and develop land</p> <p><u>Relationship with the Company</u></p> <p>- Mr. Chatchai Kaewbootta, holding 3.54% shares in the Company and being a director and a Chief</p>	<p><u>Lease of land and building</u></p> <p>SAWAD Group leased the land and building located on Chaengwatana Rd, Thungsonghong Sub-district, Laksi, Bangkok, with three-year lease contracts, starting January 2019 and ending December 2021.</p> <p>1. A 7-6-61 rai plot of land (2,961 square wah) used as a storage of</p>			<p>SAWAD Group leased the land and building from I.D. 2007 for use as storage for vehicles not sold at branch offices. Meanwhile, the building was used as a branch office for the Company's core business operation. The rental rate was lower than the rental rate appraised by the independent appraiser.</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>Executive Officer of the Company, was a major shareholder with 60% holding and a director of I.D. 2007.</p> <ul style="list-style-type: none"> <li>- Ms. Doungchai Kaewbootta, holding 7.26% shares in the Company and being the Company's director, member of Executive Committee, held 30% shares in I.D. 2007.</li> <li>- Ms. Thida Kaewbootta, the Company's major shareholder of 30.03%, held 1% share in I.D. 2007.</li> <li>- Mrs. Jariya Kaewbootta</li> <li>- The Company's 5.88% shareholder</li> <li>- Mother of Ms. Doungchai Kaewbootta, holding 7.26% shares and being a director, a member of Executive Committee of the</li> </ul>	<p>foreclosed assets</p> <p>2. The building consisting of an office and a one-storey warehouse, with combined usable area of 728 square meters, for use as the Company's branch office and warehouse</p> <p>3. Srisawad Building which is the head office of the Company with usable area of 7,000 square meters, the contract began from June 2018</p> <ul style="list-style-type: none"> <li>• Rent</li> </ul> <p>Rental Guarantee</p>	<p>28,375,760</p> <p>4,047,314</p>	<p>48,554,388</p> <p>4,047,314</p>	<p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended, the landlord is able to hike the rental rate by not more than 12 percent of the existing rate and the contract can be extended for at least three years.</p> <p><u>Comment from the Audit Committee</u></p> <p>The lease of land and building was necessary for the Company's core business operation. The rental rates were lower than the rates appraised by the independent appraiser who conducted the appraisal for public interest. The lease terms were in accordance with the Company's core business operation. The assets were necessary and appropriate. Hence, the transaction was necessary and justified.</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>Company</p> <ul style="list-style-type: none"> <li>- Mother of Ms Thida Kaewbootta, holding 30.03% shares of the Company</li> <li>- Wife of Mr. Chatchai Kaewbootta, holding 3.54% shares and being a director and a Chief Executive Officer of the Company</li> </ul> <p>Mrs. Jariya Kaewbootta held 6% shares in I.D. 2007.</p>				
<p><b>4. Ms. Doungchai Kaewbootta</b></p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>- A shareholder with 7.26 - percent holding and a director for the Company</li> <li>- Daughter of Mr. Chatchai Kaewbootta, a 3.54%-shareholder, a director and Chief Executive Officer</li> </ul>	<p><u>Guarantee</u></p> <p>Ms. Doungchai Kaewbootta guaranteed and put her personal assets as collaterals for the loans taken out from a commercial bank for the Company.</p> <ul style="list-style-type: none"> <li>• Guarantee</li> </ul>	-	-	<p>SAWAD Group received loans from a commercial bank for use as working capital for core business operation. The loans were guaranteed by Ms. Doungchai Kaewbootta and her personal assets; the guarantee was based on the terms and conditions specified by the commercial bank. No expenses arose from the guarantee. Note that the Company</p>





Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>of the Company</p> <p>- Older sister of Ms Thida Kaewbootta, a major shareholder of 30.03% of the Company</p>	<p>- Overdrafts</p> <p>- Short-term loans</p>	500,000,000	500,000,000	<p>already withdrew the guarantee for full amount.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was intended for the benefit of the Company and the Company did not book any expenses from the transaction.</p>
<p>5. Mr. Chatchai Kaewbootta</p> <p><u>Relationship with the Company</u></p> <p>- A 3.54%- shareholder, a director and the Chief Executive Officer of the Company</p> <p>- Father of Ms Thida Kaewbootta, holding 30.03% shares of the Company</p> <p>- Father of Ms. Doungchai Kaewbootta, which was a shareholder with 7.26 %, a director,</p>	<p><u>Leased land and buildings</u></p> <p>SAWAD Group leased the land and two commercial buildings for the lease contract duration of three years, starting in January 2019 and ending December 2021</p> <p>1. A 519-square-wah plot of land and a two-storey commercial building (a basement and a mezzanine) located on Lomsak-Petchaboon Rd, Chainarai Sub-</p>			<p>The Company leased land and buildings from Mr. Chatchai Kaewbootta as the following details:</p> <ul style="list-style-type: none"> <li>• The land and office in Lopburi Province was used as the Company's office and a parking and a place for confiscated vehicles. As most of confiscated vehicles were vehicles for agricultural use and tractors, a large area was needed.</li> <li>• The land and building in Saraburi was used as the Company's branch office, located at</li> </ul>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
a member of Executive Committee of the Company	<p>district, Chaibadan District, Lopburi</p> <p>2. A 213 –square-wah plot of land and a two-storey commercial offices located on Sudbanthat Rd, Pakpreaw Sub-district, Mueng District, Saraburi</p> <ul style="list-style-type: none"> <li>Rent</li> </ul>	1,921,284	2,017,344	<p>a community area by the main road. Part of the space was used as a show room for motorcycles and as a separate place for keeping foreclosed assets. Also, there was a car park on the back to facilitate customers.</p> <p>The current rental rates of both properties were lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest.</p> <p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended, the landlord is able to hike the rental rate by not more than 12 percent of the current rate and the contract can be extended for at least three years.</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
				<p><u>Comment from the Audit Committee</u></p> <p>The lease of both properties was necessary for business operation, in which the Company not only used them as branch offices but also made the best use of them.</p> <p>The transaction was aimed at supporting the Company's core business operation. The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest. The lease conditions were in accordance with the nature of business and the characteristics of the leased assets were necessary and appropriate. Hence, the transaction was justified.</p>
	<p><u>Guarantee</u></p> <p>Mr. Chatchai Kaewbootta</p>			<p>SAWAD Group received loans from commercial bank for use as working capital</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
	<p>guaranteed and put his personal assets as collaterals for the loans taken out from a commercial bank for the Company.</p> <ul style="list-style-type: none"> <li>Guarantee</li> <li>- Overdrafts</li> <li>- Short-term loans</li> </ul>	- 500,000,000	- 500,000,000	<p>for core business operation. The loans were guaranteed by Mr. Chatchai Kaewbootta and his personal assets; the guarantee was based on the terms and conditions specified by the commercial bank. No expenses arose from the guarantee. Note that the Company already withdrew the guarantee for full amount .</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was intended for the benefit of the Company and the Company did not book any expenses from the transaction.</p>
<p>6. Ms. Thida Kaewbootta</p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>The Company's major shareholder with 30.03% holding</li> <li>- Daughter of Mr. Chatchai</li> </ul>	<p><u>Leased building</u></p> <p>SAWAD Group leased two blocks of a four-storey commercial building with usable space of 55.3 square wah, located on Ramintra Rd,</p>			<p>SAWAD Group leased the building from Ms. Thida Kaewbootta for use as a branch office for the Company's core business operation. The rental rate was lower than the rental rate appraised by the independent appraiser. The</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
<p>Kaewbootta, a 3.54%-shareholder, a director and the Chief Executive Officer of the Company and Mrs. Jariya Kaewbootta holding 5.88% shares in the Company</p> <p>- Younger sister of Ms Doungchai Kaewbootta, a shareholder of 7.26%, a director, a member of Executive Committee of the Company</p>	<p>kannayaw, Bangkok, for use as the Company's office, with a lease contract duration of three years, starting in January 2019 and ending December 2021</p> <ul style="list-style-type: none"> <li>Rent</li> </ul>	577,068	605,916	<p>appraisal was conducted for public interest.</p> <p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended, the landlord is able to hike the rental rate by not more than 12 percent of the current rate and the contract can be extended for at least three years.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was aimed at supporting the Company's core business operation. The characteristics of leased assets were necessary and appropriate compared with other offices leased from outside landlords. The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest.</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
				The lease conditions were in accordance with the nature of business. Hence, the transaction was necessary justified.
<p><b>7. Mrs. Jariya Kaewbootta</b></p> <p><u>Relationship with the Company</u></p> <ul style="list-style-type: none"> <li>- Mother of Ms. DOUNGCHAI Kaewbootta, holding 7.26% shares and being a director, a member of Executive Committee of the Company</li> <li>- Mother of Ms Thida Kaewbootta, a major shareholder holding 30.03% shares of the Company</li> <li>- Wife of Mr. Chatchai Kaewbootta, holding 3.54% shares and being a director and a Chief Executive Officer of the Company</li> </ul>	<p><u>Leased building</u></p> <p>SAWAD Group leased three commercial buildings for the lease contract duration of three years, starting in January 2019 and ending December 2021</p> <ol style="list-style-type: none"> <li>1. Two blocks of a four-storey commercial building with usable area of 36.7 square wah. Located on Teparak Road, Teparak Sub-district, Samutprakan</li> <li>2. Two blocks of a three-storey commercial building with usable space of 64 square wah, located on Rangsit-Pathumthani Rd,</li> </ol>			<p>SAWAD Group leased the building from Mrs. Jariya Kaewbootta for use as branch offices. The rental rate was lower than the rental rate appraised by the independent appraiser who conducted the appraisal for public interest.</p> <p>In addition, the landlord and the tenant agreed to sign a lease addendum indicating that after the lease contract is ended, the landlord is able to hike the rental rate by not more than 12 percent of the current rate and the contract can be extended for at least three years.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was aimed at supporting the</p>



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
	<p>Prachathipat Sub-district, Thanyaburi, Pathumthani</p> <p>3. Three blocks of a four-storey building with space of 54 square wah, located on Sukhumvit Rd, Nakrue Sub-district, Banglamung District, Chonburi</p> <p>4. Vacant land, space 10 square wah located on Jangwattana Road, Tungsonghong, Bangkok.</p> <ul style="list-style-type: none"> <li>Rent</li> </ul>	2,819,688	2,960,176	Company's core business operation. The characteristics of leased assets were necessary and appropriate compared with other offices leased from outside landlords. The rental rate was lower than the rate appraised by the independent appraiser who conducted the appraisal for public interest. The lease conditions were in accordance with the nature of business. Hence, the transaction was necessary and justified.
<p>8. Mr. Chotipong Surasingsarit</p> <p><u>Relationship with the Company</u></p> <p>Father of Mr. Watchabooraya Surasingsarit, the vice president of</p>	<p><u>Leased building</u></p> <p>SAWAD Group leased one commercial building with one block and two stories, located at No. 353,</p>			SAWAD Group leased the building from Mr. Chotipong Surasingsarit for use as a branch office. The rental rate was appropriate when compared with the rates at nearby properties. Then payment condition was set in line with



Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
Marketing Department	<p>Charoenmueng Rd, Vieng Sub-district, Mueng District, Prae. The building came with the area of 32 square meters and lease contract duration of three years, starting May 2018 and ending April 2021.</p> <ul style="list-style-type: none"> <li>Rent</li> </ul>	75,164	74,851	<p>the normal transactions done with other people. The transaction was necessary and justified.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was aimed at supporting the Company's core business operation. The characteristics of leased assets were necessary and appropriate. The rental rate and lease conditions were set in accordance with normal business operation. Hence, the transaction was necessary and justified.</p>
<p><b>9. Freewill Solutions Co., Ltd.</b></p> <p><u>Type of Business</u></p> <p>Software Provider</p> <p><u>Relationship with the Company</u></p> <p>- Mr. Veera Veerakool, independent director, is the Chief Executive</p>	<p><u>Software</u></p> <p>The Company received software service for employee loan program.</p> <p>- Service Fee</p>	-	170,572	<p>The Company need software service from Freewill Solutions for employee loans program and the service fee was market rate.</p> <p><u>Comment from the Audit Committee</u></p> <p>The transaction was aimed at supporting the</p>





Persons/Entities with possible conflicts of interests/ Type of business/Relationship	Transaction Details	Transaction Value (Baht)		Necessity/Justification of Transactions
		2018	2019	
Officer of Freewill Solutions Co., Ltd.				Company's core business operation. The rate equated to the rate of transactions the Company dealt with other clients. Hence, the transaction was necessary and justified.



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**12.2 Necessity and justification of the connected transactions**

Reviewing the aforementioned connected transactions, the Audit Committee opined that the connected transactions were necessary, justified and beneficial for the Company (Details of each transaction were disclosed in 12.1).

**12.3 Measures and procedure to approve the connected transactions**

The Company's Board of Directors Meeting No. 6/2013, held on 14 June 2013, announced the measures and procedure to approve connected transactions. Management members or stakeholders are not allowed to take part in approval of any connected transactions, made between the Company, subsidiaries or related parties, which may cause conflicts of interests. The Audit Committee shall provide comments in regard to the necessity of the transactions as well as the justification and the appropriateness in terms of pricing, considering whether terms of conditions of the transactions were in line with those for normal trade transactions in the market. The Audit Committee shall also compare the prices with transactions done with outsiders. If the Audit Committee has no expertise in considering potential connected transactions that may arise, the Company will seek opinions from independent experts, e.g., an auditor, an independent appraiser, a legal firm, and etc. These people shall independent form the Company and from people with possible conflicts of interests. Such independent opinions from the experts shall be used as part of a decision making process of the Audit Committee and/or the Board of Directors and/or shareholders, whichever the case may be. Note that the Company also discloses the connected transactions in the note to the financial statement which was reviewed by the Company's Authorized Auditor.

Moreover, the Company approved in principles of the trading agreements that include general trading conditions for connected transactions between the Company and its subsidiaries and the directors, the management and related parties. The management is entitled to approve the connected transactions between the Company and its subsidiaries and/or the management or related parties (for both existing and potential transactions), without an approval from the Company's Board of Directors Meetings or the Shareholders Meetings. The management shall complete reports on connected transactions, which come in forms of trade agreements similar to what responsible men agree with general trade partners in similar situations and without power as the management, directors or related parties, to the Audit Committee and the Company's Board of Directors on a quarterly basis. .

**12.4 Policies for future connected transactions**

The Board of Directors Meeting No. 6/2013, held on 14 June 2013, announced the policies to carry out future connected transactions. The connected transactions shall have characteristic as normal



business transactions supporting the Company's core business. The transactions shall not unfairly transfer benefits to related parties who hold possible conflicts of interests with the Company. The Audit Committee and the Company shall work together to examine whether the potential connected transactions are necessary and justified and whether they will contain fair returns. Approval of potential connected transactions shall comply with the rules, regulations, announcements, and orders imposed by the Capital Market Supervisory Board and Stock Exchange of Thailand, as well as guidelines on information disclosure regarding the connected transactions according to the accounting standards of Accountants Association and Thailand's Certified Accountants Association.

#### 12.5 Potential connected transactions

The connected transactions among the Company, the subsidiaries and related parties with possible conflict of interests will be done for the Company's core business operation to bring maximum benefits to shareholders. Potential connected transactions are as follows:

- The leases of buildings used for the Company's branches are necessary to the Company's core business operation. The rental rates that the Company pays to related parties who hold possible conflicts of interests are comparable to the market rates or the rates appraised by an independent appraiser who carry out the appraisal to calculate the market-based rental rates used for public interest. In addition, the terms and conditions for the leases are in line with the core business operation.
- The guarantees of financial institutions' loans by directors and related parties were done in accordance with terms and conditions specified by the financial institutions. The Company already withdrew the guarantees for full amount and such transactions will not occur in the future.
- The loan management service agreement between Srisawad Finance Plc. and Srisawad Power 2014 Co., Ltd. for business expansion.



## Part 3

## Financial Information and Performance

## 13.Key Financial Information

## 13.1 Financial Statement

## 13.1.1 Audit Report

Financial statement ending 31 December 2017.

Pricewaterhousecoopers ABAS Co. Ltd with Mr. Boonlert Kamolchanokkul as an authorized auditor No. 5339 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2017 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.

Financial statement ending 31 December 2018.

Pricewaterhousecoopers ABAS Co. Ltd with Mr. Boonlert Kamolchanokkul as an authorized auditor No. 5339 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2018 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.

Financial statement ending 31 December 2019.

Pricewaterhousecoopers ABAS Co. Ltd with Mrs. Anothai Leekitwattana as an authorized auditor No. 3442 carried out the audit in compliance with the accounting standard. The auditor opined that the financial statement the financial statement for the fiscal year ending 31 December 2019 correctly showed financial position, operating results, and cash flow of the Company, in accordance with the accounting standard.



## 13.1.2 Financial Summary 2017 –2019

Statement of Financial Position	Audited Financial Statement					
	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Assets</b>						
Cash and cash equivalent	1,853.07	5.55	2,409.50	6.13	1,648.91	3.63
Temporary Investment	2,312.46	6.93	512.17	1.31	0.52	0.00
Hire purchase receivables due 1 year - net	2,830.10	8.48	1,628.00	4.15	599.51	1.32
Loan receivables and personal loan receivables due 1 year - net	14,369.13	43.05	21,461.42	54.73	28,308.51	62.27
Loans to customers and accrued interest receivable due 1 year – net	551.58	1.65	411.54	1.05	359.01	0.79
Short-term loans to financial institutions	1,350.00	4.04	600.00	1.53	670.00	1.47
Other receivables	242.19	0.73	496.22	1.27	819.99	1.80
Foreclosed assets	335.24	1.00	658.11	1.68	771.14	1.70
Other current assets	11.61	0.03	76.33	0.19	83.09	0.18
<b>Total current assets</b>	<b>23,855.38</b>	<b>71.47</b>	<b>28,253.29</b>	<b>72.04</b>	<b>33,260.68</b>	<b>73.16</b>
Available-for-sale investments, net	347.52	1.04	198.41	0.51	550.58	1.21
Hire purchase receivables due more than 1 year - net	1,841.42	5.52	1,033.28	2.64	219.76	0.48
Loan receivables and personal loan receivables due more than 1 year - net	2,570.71	7.70	4,686.63	11.95	6,780.32	14.91
Loans to customer and accrued interest receivable – net	753.91	2.26	352.31	0.90	220.93	0.49
Loan receivables from purchase of loan, net	2,738.76	8.21	3,184.37	8.12	3,000.93	6.60
Premises renovation and equipment – net	490.60	1.47	629.31	1.60	640.26	1.41
Intangible assets	563.41	1.69	568.24	1.45	568.11	1.25
Deferred Tax Assets	125.90	0.38	179.32	0.46	83.23	0.18
Other non-current assets	89.27	0.27	131.97	0.34	136.82	0.30
<b>Total non-current assets</b>	<b>9,521.50</b>	<b>28.53</b>	<b>10,963.84</b>	<b>27.96</b>	<b>12,200.93</b>	<b>26.84</b>
<b>Total assets</b>	<b>33,376.88</b>	<b>100.00</b>	<b>39,217.14</b>	<b>100.00</b>	<b>45,461.61</b>	<b>100.00</b>
<b>Liabilities</b>						
Deposits	6,067.78	18.18	7,273.97	18.55	6,348.33	13.96
Debt securities issued	6.00	0.02	6.00	0.02	6.00	0.01
Short-term borrowings from financial institutions	2,300.00	6.89	4,050.00	10.33	1,903.52	4.19
Long-term borrowings from financial institutions due in 1 year	-	-	338.83	0.86	-	-
Long-term borrowings for investment in receivables due in 1 year	1,921.94	5.76	2,703.89	6.90	1,937.41	4.26



Statement of Financial Position	Audited Financial Statement					
	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Liabilities on financial leases and hire						
purchases due in 1 year – net	28.28	0.08	29.17	0.07	15.07	0.03
Other payable			742.47	1.89	662.66	1.46
Tax payables	301.50	0.90	481.09	1.23	492.37	1.08
Unsecured debenture	2,465.00	7.39	1,258.50	3.21	2,391.10	5.26
Other current liabilities	578.91	1.66	84.79	0.10	60.19	0.13
<b>Total current liabilities</b>	<b>12,450.13</b>	<b>37.30</b>	<b>16,968.70</b>	<b>43.27</b>	<b>13,816.66</b>	<b>30.39</b>
Long-term borrowings from financial institution	2,197.50	6.58	741.94	1.89	2,435.12	5.36
Deferred tax liabilities	141.23	0.42	139.42	0.36	136.00	0.30
Liabilities on financial leases and hire		0.13		0.05		0.01
purchases – net	42.46		19.28		6.77	
Unsecured debenture	6,100.00	18.28	7,679.58	19.58	8,829.19	19.42
Employee benefit obligations	29.42	0.09	40.01	0.10	46.15	0.10
Other non-current liabilities	22.31	0.07	-		-	
<b>Total non-current liabilities</b>	<b>9,752.21</b>	<b>29.22</b>	<b>8,620.24</b>	<b>21.98</b>	<b>11,453.24</b>	<b>25.19</b>
<b>Total liabilities</b>	<b>22,202.33</b>	<b>66.52</b>	<b>25,588.94</b>	<b>65.26</b>	<b>25,269.90</b>	<b>55.59</b>
<b>Shareholders' Equity</b>						
Registered capital	1,129.95	3.39	1,249.71	3.19	1,374.66	3.02
Paid-up capital	1,087.37	3.26	1,147.77	2.93	1,336.25	2.94
Premium on ordinary shares	1,424.76	4.27	1,424.76	3.63	4,455.07	9.80
Appropriated retained earnings : Legal reserve	112.99	0.34	124.97	0.32	130.06	0.29
Unappropriated retained earnings	6,769.01	20.28	9,457.37	24.12	13,080.82	28.77
Premium on share from share-based payment <sup>3</sup>	36.19	0.11	36.19	0.09	36.19	0.08
Discount from changes in the ownership						
interests in a subsidiary			(321.62)	(0.82)	(648.78)	(1.43)
Other component of equity	(3.49)	(0.01)	(6.59)	(0.02)	(1.24)	(0.00)
Non-controlling interests	1,747.71	5.24	1,765.34	4.50	1,803.34	3.97
<b>Total shareholders' equity</b>	<b>11,174.54</b>	<b>33.48</b>	<b>13,628.20</b>	<b>34.75</b>	<b>20,191.71</b>	<b>44.41</b>
<b>Total liabilities and shareholders' equity</b>	<b>33,376.88</b>	<b>100.00</b>	<b>39,217.14</b>	<b>100.00</b>	<b>45,461.61</b>	<b>100.00</b>



Statement of Financial Position	Audited Financial Statement					
	2017		2018		2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
<b>Revenue</b>						
Interests from hire purchase contracts	1,278.90	18.27	954.36	12.11	447.93	4.57
Interests from loans	3,664.65	52.36	4,842.15	61.44	6,791.33	69.34
Other revenue	2,055.14	29.36	2,084.81	26.45	2,554.00	26.08
<b>Total revenue</b>	<b>6,998.69</b>	<b>100.00</b>	<b>7,881.32</b>	<b>100.00</b>	<b>9,793.26</b>	<b>100.00</b>
<b>Expenses</b>						
Service expenses	191.01	2.73	179.45	2.28	176.92	1.81
Administrative expenses	2,474.80	35.36	2,866.73	36.37	3,354.94	34.26
Bad debts and doubtful debts	393.81	5.63	388.35	4.93	552.09	5.64
<b>Total expenses</b>	<b>3,059.62</b>	<b>43.72</b>	<b>3,434.53</b>	<b>43.58</b>	<b>4,083.95</b>	<b>41.70</b>
<b>Earnings before funding cost and income tax</b>	<b>3,939.07</b>	<b>56.28</b>	<b>4,446.80</b>	<b>56.42</b>	<b>5,709.31</b>	<b>58.30</b>
Funding cost	(608.44)	(8.69)	(720.93)	(9.15)	(828.30)	(8.46)
Tax expenses	(615.48)	(8.79)	(724.98)	(9.20)	(952.27)	(9.72)
<b>Net profit</b>	<b>2,715.15</b>	<b>38.80</b>	<b>3,000.89</b>	<b>38.08</b>	<b>3,928.75</b>	<b>40.12</b>
<b>Primary earnings per share</b>						
Net profit (Baht/share)		2.45		2.19		2.85
Weighted average number of share (share)		1,087,319,939		1,147,771,588		1,336,247,251
Par value (Baht)		1.00		1.00		1.00



Statement of Cash flows (Unit : Million Baht)	Audited Financial Statement		
	2017	2018	2019
<b>Cash flows from operating activities</b>			
Before tax gain	3,330.63	3,725.87	4,881.02
<b>Adjusting the Entries:</b>			
Depreciation and amortization	186.34	212.84	229.94
Gain from investment revaluation	(2.98)	2.87	
Gain from divestment	(19.19)	(9.95)	(3.26)
Gain on reclassification of investment	(102.06)	-	-
Loss (gain) from equipment amortization	6.27	4.76	3.49
Loss on write-off of intangible assets			1.03
Gain from sale of premises and equipment	(1.87)	(3.87)	(0.84)
Loss (gain) from depreciation of foreclosed assets	0.04	(20.11)	10.53
Loss on impairment of loans receivable from purchase of loans	0.67		
Loss (gain) for sale of foreclosed assets	(232.07)	(52.90)	29.50
Gain on sale investments in subsidiary	-	-	(35.45)
Bad debts and doubtful debts	393.81	338.35	552.09
Projected employee benefit obligations	7.95	11.35	16.38
Interest income	(4,943.55)	(5,802.35)	(7,239.26)
Other interest income	(3.96)		
Interest expense	608.44	720.93	828.30
Amortization of discount in investment in bonds	(1.73)	0.88	0.77
Amortization of debt issuance costs	-	1.79	8.03
Decommissioning cost	3.00	0.37	0.28
Gain on Purchase Price allocation (PPA)	(185.65)	-	-
Dividend income	-	(2.37)	(2.77)
<b>Changes in operating assets and liabilities :</b>			
Hire purchase receivables	(1,492.37)	1,996.63	1,836.67
Loan receivables and personal loan receivables	(171.93)	(9,354.83)	(9,486.78)
Investment in receivables – net	(3,372.11)	339.71	184.35
Loans to customer and accrued interest receivable	301.99	341.86	180.87
Other receivables	34.66	(253.63)	(268.29)
Net foreclosed assets	557.22	(249.86)	(153.06)
Other current assets	(16.66)	(64.72)	(8.55)
Other non-current assets	11.91	(42.70)	(4.85)
Deposits	2,903.14	1,206.20	(925.64)





Statement of Cash flows (Unit : Million Baht)	Audited Financial Statement		
	2017	2018	2019
Short-term loans to financial institutions	100.00	750.00	(70.00)
Debt securities issued	(0.41)	-	-
Other Payables	27.54	153.32	(44.73)
Other current liabilities	(16.79)	58.43	(24.59)
Other non-current liabilities	-	(22.31)	-
Employee benefit obligations	(4.67)	(0.77)	-
<b>Cash received (used) from operating activities</b>	<b>(2,094.37)</b>	<b>(5,964.20)</b>	<b>(9,504.82)</b>
Interest income	4,899.76	5,775.98	7,216.02
Interest expense	(573.97)	(690.70)	(853.49)
Tax expense	(833.50)	(599.73)	(850.03)
<b>Net cash received (used) in operating activities</b>	<b>1,404.13</b>	<b>(1,478.66)</b>	<b>(3,992.32)</b>
<b>Cash flows from investment activities</b>			
Cash paid for temporary investment	0.00	0.00	0.00
Cash received from sales of trading securities	8,900.00	6,705.19	-
Cash paid for securities for trading	(10,900.00)	(4,900.00)	-
Cash paid for purchase of available-for-sale investments	2,111.14	145.98	173.00
Cash paid for purchase of general investments	-	-	2.50
Cash paid for purchase of investments in subsidiaries	(359.19)	(521.36)	-
Cash received from sale of equipment	19.58	7.86	52.77
Cash paid for purchase of premises, property and equipment	(223.14)	(342.81)	(289.75)
Cash paid for purchase of intangible assets	(4.13)	(8.58)	(4.39)
Cash received from dividend	-	2.37	2.77
<b>Net cash received (used) from investment activities</b>	<b>(455.76)</b>	<b>1,088.64</b>	<b>(68.10)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term loans from financial institutions	9,861.24	7,850.00	21,708.91
Decrease in short-term loans from financial institutions	(13,211.24)	(6,100.00)	(23,855.38)
Cash paid for short term borrowings from financial institutions for purchase of loans		(447.61)	(338.83)
Cash received from issuance of senior unsecured bonds	5,225.00	3,184.59	3,532.67
Cash paid for issuance of senior unsecured debentures	(2,200.00)	(2,812.30)	(1,258.50)
Repayment of hire purchase loans	(24.55)	(30.07)	(30.56)
Cash received from long-term borrowings from financial institutions	1,900.00	1,460.00	3,800.00
Cash paid for long-term borrowings from financial institutions	(881.94)	(2,133.61)	(2,873.30)



Statement of Cash flows (Unit : Million Baht)	Audited Financial Statement		
	2017	2018	2019
Cash paid for long-term borrowings from financial institutions for purchases of loans	(472.00)	-	-
Cash paid for non-controlling interests from increase in investments in subsidiaries			(479.86)
Cash received from exercise warrant	3.01	-	-
Cash received for non-controlling interests from increase in investments in subsidiaries	1.13	-	17.97
Cash receive from additional capital			3,098.31
Dividend payment	(9.05)	(21.63)	(14.75)
<b>Net cash received (used) from financing activities</b>	<b>191.60</b>	<b>948.37</b>	<b>3,306.67</b>
<b>Increase (decrease) in cash and cash equivalent – net</b>	<b>1,133.76</b>	<b>558.35</b>	<b>(753.74)</b>
Exchange (loss) gains on cash and cash equivalent	6.21	(1.93)	(6.85)
Beginning cash and cash equivalent	713.10	1,853.07	2,409.50
Ending cash and cash equivalent	1,853.07	2,409.50	1,648.91



## 13.2 Financial Ratios

Important Financial Ratios		2017	2018	2019
<b>Profitability Ratio</b>				
Interest Income Ratio (%) <sup>/1</sup>	%	25.21	22.87	21.86
Interest Expense Ratio (%) <sup>/2</sup>	%	3.53	3.19	3.57
Net Interest Margin (%)	%	21.68	19.68	18.29
Net Profit Margin (%)	%	38.80	38.08	40.12
Return on Equity (%)	%	30.12	24.20	23.23
<b>Efficiency Ratio</b>				
Return on Assets (%)	%	9.76	8.27	9.28
Total Asset Turnover (times)	times	0.25	0.22	0.23
<b>Financial Ratio</b>				
Debt to Equity Ratio (times)	times	1.99	1.88	1.25
Interest bearing debts to equity ratio	times	1.89	1.77	1.18
Net debt to EBITDA ratio	times	4.67	4.65	3.74
Interest coverage ratio : ICR <sup>/3</sup>	times	4.90	-0.27	-2.68
Debt service coverage ratio : DSCR <sup>/4</sup>	times	0.36	0.30	0.47
Deposits to interest bearing debts ratio	times	0.29	0.30	0.27
Short term interest bearing debts to interest bearing debts ratio	times	0.55	0.65	0.53
Loans from financial institutions to total debts	times	0.29	0.28	0.21
B/E size to interest bearing debt ratio	times	0.03	0.03	0.04
Current ratio	times	1.92	1.67	2.41
Total Loans to Total Borrowing (times)	times	1.10	1.38	1.68
Dividend Payout Ratio(%) <sup>/5</sup>	%	4.67	39.72	2,363.88

**Note** <sup>/1</sup> Interest income ratio means interest and fee income/ average hire purchase receivables and loan receivables

<sup>/2</sup> Interest expense ratio means funding cost/loans from financial institutions plus loans from related parties

<sup>/3</sup> Interest coverage ratio means earnings before interest, tax expense/ interest expense

<sup>/4</sup> Debt service coverage ratio means earnings before interest, tax expense, depreciation and amortization (EBITDA)/ current portion of long term debt (CPLTD) and interest expense

<sup>/5</sup> Dividend payout ratio is calculated from the net profit as shown in the separated financial statement.



## 14. Analysis and Management Discussion

### 14.1 Discussion and Analysis of Financial position and Operational Performance

#### 14.1.1 Overview of the past operational performance

During the early stage, SAWAD Group was engaged in loans collateralized by vehicle registration documents, both with actual ownership transfer and floating transfer, ("auto title loan"), including home-backed loans. Since its first operation, the Company continued to expand its branch office network as well as customer base to cover all regions across the country. Seeing risk and competition for hire purchase loans for new motorcycles (hire purchase loans), the Company had freeze this business and non-secured personal loan ("personal loan") in May 2015 the Company began to launch nano finance. The services include two types of legal transactions, i.e., i) hire purchase contracts for loans with transfer of vehicle registration documents and ii) loan agreements for auto-backed loans with floating transfer of vehicle registration documents, personal loans and nano finance loans.

In addition, SAWAD group operate debt collection service and mange non-performing loans. The group operates debt collection service under group's network and experience, which including by telephone call collection and collateral confiscation. In addition, SAWAD expanded our financial service advisory and agricultural credit sales to neighboring country. At present, for preparation to be financial group, the Group had to suspense credit sales business.

The core revenue is generated by interest income from hire purchase contracts and loan agreements. The Company realizes interest income on the installment basis, with the income amount being calculated by the exact interest approach. For auto-backed loans including home-backed loans, for which loan repayment is based on a monthly installment basis, the revenue realization is discontinued when customers default on loan repayment longer than 120 consecutive days or four installment periods, starting from the specified due date or when it is clearly indicated that the customers are unable to repay loans. Similar to the loans with quarterly installment basis, the revenue realization is discontinued when the customers default on loan repayment longer than 120 consecutive days. As for loans which serviced by Srisawad Finance, personal loans and nano finance loans, the Company stops realizing revenue when customers default on loan repayment longer than 90 days or three monthly installment periods onwards. During 2017-19, SAWAD's revenue increased from Baht 6,998.69 million to Baht 9,793.26 million, equivalent to a CAGR of 18.29 percent on the back of the expansion of branch office network from 2,490 branches in 2017 to 2,870 branches in 2018 and 4,080 branches as of the end of 2019. As a result, the Group's loan portfolio grew by 28.09 percent per annum from Baht 22,148.95 million in 2017 to Baht 29,433 million in 2018 and to Baht 36,341 million in 2019.



In 2017, the Company had acquired 36.35% of paid-up capital of Srisawad Finance Plc. (former Bangkok First Investment & Trust Plc.), that made gain on reclassification on investments amounted Baht 102.06 million, and also gain from business acquisition amounted Baht 186 million which compared acquisition price with fair value. In 2018, the Company had additional acquired Srisawad Finance shares that made the Company held 45.34% of registered capital of Srisawad Finance.

In 2019, Srisawad Finance increased registered capital and offer to existing shareholders and allowed shareholders oversubscribed. The Company acquired BFIT's shares via subscription and oversubscription including tender offer then the proportion of BFIT's holding rose to 82.04%

The before-tax earnings increased from Baht 3,330.63 million in 2017 to Baht 3,725.87 million in 2018 and Baht 4,881.02 million in 2019, translating to a CAGR of 21.06 percent. The strong earnings can be attributable to the Company's ability to expand its loan growth, cost control and smaller bad debts. Meanwhile, the net profit rose from Baht 2,715.15 million in 2017 to Baht 3,000.89 million in 2018, and to Baht 3,928.75 in 2019, implying a CAGR of 20.29 percent.

#### 14.1.2 Analysis of Operational Performance

##### 1) Revenue

##### Core revenue

Revenue	Audited financial statement					
	2017		2018		2019	
	million	percentage	Million	percentage	million	percentage
Interest income from hire purchase contracts	1,278.90	18.27	954.36	12.11	447.93	4.57
Interest income from loans	3,664.65	52.36	4,842.15	61.44	6,791.33	69.35
Other revenue	2,055.14	29.36	2,084.81	26.45	2,554.00	26.08
<b>Total revenue</b>	<b>6,998.69</b>	<b>100.00</b>	<b>7,881.32</b>	<b>100.00</b>	<b>9,793.26</b>	<b>100.00</b>

During 2017 and 2019, the Company's core revenue came from interest income, including interests from auto loans backed by the floating transfer of collaterals, including all kinds of vehicles as well as home and land deeds. This income accounted for around 52-69 percent of the Company's total revenue. Meanwhile, the revenue from interests from auto-backed loans with ownership transfer of vehicle registration documents and hire purchase contracts accounted for about 4-18 percent of the total revenue. Other revenue included fee income, finance charges and revenue from sales of fixed assets and foreclosed assets, accounting for 26-29 percent of the total revenue.

The Company realizes interest income based on the installment basis, with the income amount being calculated by the exact interest approach. For auto title loans including home-backed loans, for which the loan repayment is based on the monthly installment basis, the revenue realization is discontinued when customers default on loan



repayment longer than 120 consecutive days or four installment periods, starting from the specified due date, or when it is clearly indicated that the customers are unable to repay loans. Similar to the loans with quarterly installment basis, the revenue realization is discontinued when the customers default on loan repayment longer than consecutive 120 days. As for loans serviced by Srisawad Finance, personal loans and nano finance loans, the Company stops realizing revenue when customers default on loan repayment longer than 90 days or three monthly installment periods onwards.

(Unit: Million)	2017	2018	2019	CAGR (2017-2019) %
Hire purchase and loan receivables	22,148.95	29,433.00	36,341.00	28.09
Revenue from hire purchasing and lending	4,943.55	5,796.51	7,239.26	21.01

The Group's total interest income growth achieved a CAGR of 21.01 percent in 2017 -2019. The growth drivers included growth in receivables portfolio, following the expansion of the branch office network that expanded at an average of 28.09 percent per annum. Approximately 40 percent of such receivables portfolios were loans secured by home and land deeds, followed by loans collateralized by four-wheel vehicles, commercial cars and motorcycles. The loans contained interest rates of around 21.86-25.21 percent per annum. FM offered personal loans and nano finance loans, under control by Bank of Thailand which this business segment could add a total of Baht 3,416.44 million to the Company's total loan portfolio.

The total interest income grew from Baht 4,943.55 million in 2017 to Baht 5,796.51 million in 2018, equivalent to a growth rate of 17.25 percent. The growth was driven by the Company's aggressive expansion to add its branch network from 2,490 branches in 2017 to 2,870 branches in 2018. With the enlarged branch office network, the Company managed to serve a wider customer base, covering larger service areas and expanding the loan portfolio from Baht 22,148.95 million in 2017 to Baht 29,433 million in 2018. Meanwhile, the number of contacts also increased from 553,519 contracts to 1,029,822 contracts. As a consequence, the interest income from loans surged by 32.13 percent.

In 2019, the interest income grew by 24.89 percent to Baht 7,239.26 million from the level seen in 2018. The growth was underpinned by the rolling out of 1,210 new branches to make a total of 4,080 branches, with the number of contracts rising by 109,038 contracts to 1,138,854 contracts. As a result, the portfolios of hire purchase receivables, loan receivables, and personal loan receivables increased significantly.



## Other Revenue

Other revenue by types	Audited financial statement					
	2017		2018		2019	
	million	percentage	million	percentage	million	percentage
Fee income	705.71	34.34	902.04	43.32	1,309.50	51.33
Penalty fee income	421.17	20.49	602.51	28.93	466.42	18.28
Collection fee income	284.66	13.85	247.63	11.89	159.96	6.27
Interest income from banks/related businesses	3.96	0.19	5.84	0.28	21.71	0.85
Bad debt recoveries	39.22	1.91	88.45	4.25	393.50	15.42
Sales revenue	9.01	0.44	-	-	-	-
Gain (loss) from sale of foreclosed assets	232.07	11.29	52.90	2.54	-	-
Revenue from services	3.96	0.19	0.99	0.05	3.30	0.13
Gain on reclassification on investments	102.06	4.97	-	-	-	-
Others	253.33	12.33	182.08	8.74	196.85	7.72
<b>Total other revenue</b>	<b>2,055.14</b>	<b>100.00</b>	<b>2,082.44</b>	<b>100.00</b>	<b>2,551.24</b>	<b>100.00</b>

The growth in other revenue had a core relation with the growth in core revenue. In 2017, the other revenue increased from Baht 2,055.14 million to Baht 2,551 million in 2019, implying a CAGR of 11.48 percent. The figure also rose, driven mainly by the increase in higher contributions from the increases in number of contracts and/or loan values, including the loan application fee, the penalty fee income for late repayment at MRR+10% per annum of the outstanding balance, (MRR is Minimum Retail Rate of Krungthai Bank Public Company Limited) and the collection fee income at around Baht 200-3,000 per one collection case, depending on types of collaterals. These revenue items accounted for approximately 68-93 percent of total other revenue. Meanwhile, SAWAD Group saw other revenue, i.e. the service income, sale revenue in the year 2017, were results from the Company's new businesses and included collection fee and gain on selling foreclose assets, however from 2018 the Company had suspense these business in order to transform to financial group. In 2017, there was gain on reclassification on investments amounted Baht 102.06 million, from acquisition of Srisawad Finance Plc. (prior Bangkok First Investment & Trust Plc.) up to 36.35% from 9.84%.

## 2) Operating Expenses

Operating Expenses	Audited financial statement					
	2017		2018		2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Service expenses	191.01	6.24	179.45	5.22	176.92	4.33
Administration expense	2,474.80	80.89	2,866.73	83.47	3,354.94	82.15
Bad debts and doubtful debts	393.81	12.87	388.35	11.31	552.09	13.52
<b>Total expenses</b>	<b>3,059.62</b>	<b>100.00</b>	<b>3,434.53</b>	<b>100.00</b>	<b>4,083.95</b>	<b>100.00</b>
<i>Percentage to total revenue</i>		43.72		43.58		41.70



The operating expenses consisted of service expenses, administration expenses, and bad debts and doubtful debts. The service expenses include expenses related to the marketing equipment, e.g., branches' signs, promotional expenses, advertising expenses etc. The Company's service expenses continued to increase during 2016- 2018 in line with the expansions of branch office network as well as growing receivable portfolios. Meanwhile, the administration expenses included personnel expenses, rental expenses, management fees, and etc.

In 2017 – 2019 the Group booked operating expenses amounting to approximately Baht 3,060-4,084 million. The uptrend was caused mainly by the continued increase in operating expenses in line with larger branch office network. Meanwhile, the Company managed to control its cost as well as systematically offering loans. In addition, the Company also managed loans and collect debts more effectively. Given these favorable factors, the service expenses, the management fees and bad debt expenses continued to grow at slower paces than revenue growth.

#### **Administration Expenses**

Administration Expenses	2017		2018		2019	
	Million	percentage	Million	percentage	Million	percentage
Advisory fee and professional fee	30.53	1.23	29.31	1.02	39.31	1.17
Expenses	1,312.69	53.04	1,531.46	53.42	1,784.86	53.20
Rental Expenses	372.92	15.07	424.35	14.80	528.33	15.75
Depreciation and amortization expenses	186.34	7.53	213.58	7.45	230.41	6.87
Utilities expenses	109.14	4.41	125.87	4.39	139.16	4.15
Fuel expenses	42.01	1.70	41.83	1.46	36.85	1.10
Specific business tax	153.63	6.21	199.16	6.95	262.94	7.84
Loss from sale of foreclosed assets	0.04	0.00	8.89	0.31	10.53	0.31
Foreclosing expenses	15.36	0.62	12.13	0.42	13.25	0.39
Others	252.14	10.19	280.16	9.77	309.29	9.22
<b>Total administration expenses</b>	<b>2,474.80</b>	<b>100.00</b>	<b>2,866.73</b>	<b>100.00</b>	<b>3,354.94</b>	<b>100.00</b>
<i>Percentage vs. total revenue</i>		39.80		35.36		34.26

The administration expenses included personnel expenses, i.e., employees' salaries, advisory fees and professional fee, e.g., auto fees, legal advisory fees, financial advisory fee, and etc. These expenses accounted for 53-54 percent of the total administration expenses. Other expenses included rental expenses for offices and branches, depreciation and amortization expenses, utilities expenses, fuel expenses and management fees, accounting for 26 -27 percent of the total administration expenses. The remaining expenses included other management expenses including specific business tax, loss from sale of foreclosed assets and other items, e.g., bank fees, transportation expenses, postal service fees, training expenses, meeting allowance, and etc.

In 2017 – 2019, the Group booked total administration expenses at approximately Baht 2,472 – 3,355 millions. The expenses continued on an uptrend owing mainly to higher personnel expenses and rental expenses in line with the business expansion, adding the number of branch offices from 2,490 branches as of the end of 2017 to





2,870 branches at the end of 2018 and 4,080 branches as of end 2019. The increase in number of employees helped to support the business expansion. The number rose from 6,140 employees in 2017 to 7,016 employees in 2018 and 8,907 employees in 2019. Moreover, the Group also saw other expenses increase. For example, the specific tax rose in line with the interests from loan agreements. The loss from sale of foreclosed assets has been trending downward because of the better manage in foreclosed asset.

Regarding the total administration expenses to revenue ratio, the ratio did not change much in the past three years, staying at around 41-44 percent. The year-on-year ratio are almost at the same ratio that the group maintain to control the expense at this ratio. Regarding the administration expenses mainly causes from the expansion of office branch network in order to rose the group's revenue.

### *Cost of funding*

The cost of funding is the interest expense arising from short-term loans taken out from financial institutions, bills of exchanges, payables from the related party, short-term loans from the related party, liabilities under financial leases and hire purchase contracts, debentures and long-term loans. The major objective for borrowing is to take short-term loans to fund the Group's financing services, with interest rate of around MLR-1.5% or MOR-1.75%. Further details can be obtained from the issue on interest bearing debts

### 3) Profitability

	Audited financial statement					
	2017		2018		2019	
	Million	percentage	Million	percentage	Million	percentage
Interest income	4,943.55	70.63	5,796.51	73.55	7,239.26	73.92
Financial cost	(608.44)	(8.69)	(720.93)	(9.15)	(828.30)	(8.46)
<b>Net interest margin</b>	<b>4,335.11</b>	<b>61.94</b>	<b>5,075.58</b>	<b>64.40</b>	<b>6,410.96</b>	<b>65.46</b>
Other revenue	2,055.14	29.36	2,084.81	26.45	2,554.00	26.08
Operating expenses	(3,059.62)	(43.72)	(3,434.52)	(43.58)	(4,083.95)	(41.70)
<b>Operating profit</b>	<b>3,330.63</b>	<b>47.59</b>	<b>3,725.87</b>	<b>47.27</b>	<b>4,881.01</b>	<b>49.84</b>
<b>Net profit</b>	<b>2,715.15</b>	<b>38.80</b>	<b>3,000.89</b>	<b>38.08</b>	<b>3,928.75</b>	<b>40.12</b>
No. of diluted shares		1,087		1,148		1,336
(million)						
<b>Diluted earnings per share (Baht)</b>		<b>2.45</b>		<b>2.19</b>		<b>2.85</b>

Note 1) Percentage means percentage vs. total revenue

### *Operating profit*

In 2017 – 2019, the Company's profitability held up well and continued to increase, evidenced by the operating profit and the operating profit to total revenue that continued to increase significantly. The operating profit improved from Baht 3,330.63 million in 2017 to Baht 3,725.87 million and Baht 4,881.01 million in 2018 and 2019,



respectively, equivalent to a CAGR of 21.06 percent. Meanwhile, the operating profit margin to total revenue rose respectively. The improvement in operating profit was a result of the significant increases in interest income from hire purchase contracts and lending services following the huge expansion in receivable portfolios. As a result, the Company also booked higher fee income and penalty fee for late payment accordingly. In addition, the Company managed to better control expenses, with bad debt and doubtful debt expenses falling due to better loan management.

### ***Net profit***

The net profit and net profit margin accounted approximately 38.08-40.12 percent during 2017 – 2019. The net profit rose from Baht 2,715.15 million in 2017 to Baht 3,000.89 million, and Baht 3,928.75 million in 2018 and 2019, respectively, implying a CAGR of 20.29 percent. The net profit margin reflected that its operating expenses to revenue decline continuously. The corporate income tax rate is still at the same rate of 20%.

### ***Profitability ratio***

Ratio (%)	2017	2018	2019
Interest income <sup>/1</sup> vs. average loans	25.21	22.87	21.86
Interest expense vs. average loans	3.53	3.19	3.57
Net interest margin	21.68	19.68	18.29
Net profit margin to total revenue	38.80	38.08	40.12

Note <sup>/1</sup> Interest income and fee

In 2017, SAWAD Group continued to see its profitability improve, with wider net interest margins at around 21 percent. The interest income and fee income ratio stood at around 25 percent. However the Company's interest expense slightly dropped as a result of repayment the loans from financial institutions which higher interest expenses. The Company made borrowing from bills of exchange, debentures and funding from stock market that contained lower cost than banks' loans. Thus, the interest expense rate dropped to 3.53 percent.

In 2018-2019, SAWAD group had adjusted interest rate in line with market situations, that made net interest margin dropped to 19.68 and 18.29 respectively. However SAWAD group also seek for lower sources of funding such as public deposits that made the interest expense rate dropped to 3.19 percent in 2018. In 2019, the interest expense rate rose to 3.57 percent from the increase of policy interest rate since the end of 2018.

However, in terms of the Group's profitability, the net profit margin accounted approximately 38.08-40.12 percent in 2017- 2019. The key drivers included a continued increase in revenue as well as better cost control, resulting in declines in service expenses, bad debt expenses and tax expenses.

### ***Dividend and Dividend Payment Policy***



(Unit: million baht)	2017	2018	2019
Dividend payment	68.50	134.93	2,405.25
After-tax net profit (Separated financial statement) <sup>/1</sup>	1,467.78	339.68	101.75
<i>Dividend Payout (%)</i>	<i>4.67</i>	<i>39.72</i>	<i>2,363.88</i>
After-tax net profit (Consolidated financial statement) <sup>/1</sup>	2,715.15	3,000.89	3,928.75
<i>Dividend Payout (%)</i>	<i>2.52</i>	<i>4.50</i>	<i>61.22</i>

Note <sup>/1</sup> Data from the audited financial statement

The Company paid stock and cash dividend worth Baht 68.50 million from performance of 2017 to shareholders in May 2018.

The Company announced to pay stock and cash dividend worth Baht 134.93 million from performance of 2018 to shareholders in May 2019.

The Company announced to pay cash dividend worth Baht 2,405.25 million to shareholders in May 2020.

The Company and its subsidiaries have a dividend payout policy at not less than 40 percent of the net profit after tax according to the Company financial statements and after legal reserves. The dividend payment may be changed, depending on the Company's needs of cash

### 12.1.3 Analysis of Financial Position

#### 1) Assets

From the end of 2017 to 2019, the Company's core assets consisted of hire purchase receivables, loan receivables and personal loan receivables, accounting for approximately 64 – 79 percent of the total assets. These were followed by investment in receivables, other assets including premises and foreclosed asset. The Company's total assets continued to increase from Baht 33,377 million as of the end of 2017 to Baht 45,462 million at the end of 2019. The increase was attributable mainly to the expansions of loan portfolios, which will be discussed under the item hire purchase receivables, loan receivables and personal loan receivables. And in 2017, the Company's assets also included loans to customers, which increased from acquisition of Srisawad Finance Plc.

#### Hire purchase receivables, Loan receivables and Personal Loan receivables

The purchase receivables, loan receivables and personal loan receivables existed from the Company's four financing services, namely auto title loans and home-backed loans, hire purchase loans for new motorcycles, non-secured personal loans and nano finance loans.



The net receivables were calculated by the amount of loans under contracts, deduced by the interests not yet booked as income and allowance for doubtful accounts. The structure of net receivable classified by types of contracts is as follows:

Receivables from lending services	Audited financial statement					
	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	Percentage
Hire purchase receivables- net	4,671	21.61	2,661	9.24	819	2.28
Loan and Personal Loan Receivables - net	16,940	78.39	26,148	90.76	35,089	97.72
<b>Total receivables – net</b>	<b>21,611</b>	<b>100.00</b>	<b>28,809</b>	<b>100.00</b>	<b>35,908</b>	<b>100.00</b>
<b>Total assets</b>	<b>33,377</b>		<b>39,217</b>		<b>45,462</b>	

In 2017 to the end of 2019, the Company saw net loan receivables continue to increase. The increase was due largely to the continued expansion of branch office network from 2,490 branches in 2017 to 4,0802 branches as of the end of 2019. As a result, the Company's loan portfolio continued to grow steadily.

From 2017 to the end of 2019, the net loan receivables expanded by 29 percent per annum, from Baht 21,611 million as of the end of 2017 to Baht 35,908 million as of the end of 2019. The increase was made possible by the growing number of loan agreements from 553,519 agreements with a total debt value of Baht 21,611 million to 1,138,854 contracts with a total debt value of Baht 35,908 million, representing average loan amount of Baht 31,530 per contract.

#### Quality of Receivables

SAWAD Group sets aside allowance for doubtful accounts according to the duration of outstanding balance deducted by interests not yet booked as income and the collateral. The collateral is equivalent to 0-75 percent of the outstanding financial lease receivables deducted by interests not yet booked as income. The Company takes into account the possibility to receive the repayment from the receivables and the sale of collaterals. The criteria for setting aside allowance for doubtful accounts are as follows:

Overdue Duration	Hire purchase contracts and loans collateralized by motorcycles		Hire purchase contracts and loans collateralized by other items		Personal loans
	Percentage of allowance for doubtful accounts	Value of collaterals (%)	Percentage of allowance for doubtful accounts	Value of collaterals (%)	Percentage of allowance for doubtful accounts
Not overdue	1	75	1	75	1
Overdue up to 1 month	2	75	2	75	1
Overdue 1 to 3 months	2	55-65	2	55-65	2
Overdue 3 to 6 months	100	0	20	25-45	100
Overdue 6 to 12 months	100	0	100	15	100
Overdue longer than 12 months	100	0	100	0	100



Note Allowance for doubtful accounts= Percentage of allowance for doubtful accounts X (outstanding finance lease receivables-interests not yet booked as income- the value of collaterals as calculated in the above table).

The analysis details of hire purchase receivables and loan receivables are as follows:

Balance due	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Hire purchase receivables – the balance due not exceeding 1 year	3,726.42	62.69	2,160.25	63.61	779.11	75.53
<u>deducted by</u> the interests not yet booked as income	(784.76)	(13.20)	(453.29)	(13.35)	(123.52)	(11.97)
Total hire purchase receivables	2,941.66	49.49	1,706.96	50.26	655.59	63.56
Allowance for doubtful accounts	(111.56)	(1.88)	(78.95)	(2.32)	(56.08)	(5.44)
<b>Hire purchase receivables – the balance due not exceeding 1 year – net</b>	<b>2,830.10</b>	<b>47.61</b>	<b>1,628.00</b>	<b>47.94</b>	<b>599.51</b>	<b>58.12</b>
Hire purchase receivables – the balance due 1 – 5 years	2,217.63	37.31	1,235.93	36.39	252.39	24.47
<u>deducted by</u> the interests not yet booked as income	(352.07)	(5.92)	(188.92)	(5.56)	(27.82)	(2.70)
Total hire purchase receivables	1,865.56	31.39	1,047.01	30.83	224.57	21.77
<u>deducted by</u> allowance for doubtful accounts	(24.14)	(0.41)	(13.72)	(0.40)	(4.81)	(0.47)
<b>Hire purchase receivables – the balance due 1 – 5 years – net</b>	<b>1,841.42</b>	<b>30.98</b>	<b>1,033.28</b>	<b>30.42</b>	<b>219.76</b>	<b>21.31</b>
<b>Total hire purchase receivables</b>	<b>5,944.05</b>	<b>100.00</b>	<b>3,396.18</b>	<b>100.00</b>	<b>1,031.51</b>	<b>100.00</b>
<u>deducted by</u> the interests not yet booked as income	(1,136.84)	(19.13)	(642.22)	(18.91)	(151.34)	(14.67)
Total hire purchase receivables	4,807.22	80.87	2,753.96	81.09	880.17	85.33
<u>deducted by</u> allowance for doubtful accounts	(135.70)	(2.28)	(92.68)	(2.73)	(60.90)	(5.90)
<b>Total hire purchase receivables – net</b>	<b>4,671.52</b>	<b>78.59</b>	<b>2,661.28</b>	<b>78.36</b>	<b>819.27</b>	<b>79.42</b>

According to the hire purchase receivables classified by the durations of balance due, 62-75 percent of the receivables saw the balance due of up to one year because the Company provided hire purchase services for used cars and new motorcycles, with the hire purchase durations ranging from 12 to 36 months or one to three years.

Hire Purchase Receivables	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	percentage	Million Baht	percentage	Million	percentage
Not overdue or overdue up to 1 month	2,754.41	57.30	1,495.11	54.29	351.23	39.90
Overdue 1-3 months	1,672.39	34.79	1,027.06	37.29	419.00	47.60
Overdue 3-6 months	291.11	6.06	144.67	5.25	46.11	5.24
Overdue 6-12 months	44.77	0.93	53.88	1.96	27.12	3.08
Overdue more than 12 months	44.54	0.93	33.24	1.21	36.71	4.17
<b>Total</b>	<b>4,807.22</b>	<b>100.00</b>	<b>2,753.96</b>	<b>100.00</b>	<b>880.17</b>	<b>100.00</b>
<u>deducted by</u> allowance for doubtful accounts	(135.70)	(2.82)	(92.68)	(3.37)	(60.90)	(6.92)
<b>Hire Purchase Receivables - net</b>	<b>4,671.52</b>	<b>97.18</b>	<b>2,661.28</b>	<b>96.63</b>	<b>819.27</b>	<b>93.08</b>



According to hire purchase receivables classified by the durations of overdue balance, most receivables were of high quality; in other words, they did not leave the balance overdue or the overdue outstanding balances lasted not more than one month; this accounted for 40 – 57 percent of the total receivables. Meanwhile, the overdue outstanding balance of one to three months accounted for 34-47 percent of the total hire purchase receivables. In regard to the adequacy of the allowances for doubtful accounts, at the end of 2017, the Company set aside the allowances for doubtful accounts amounting to Baht 135.70 million, accounting for 2.82 percent of total hire purchase receivables. At the end of 2018 the Company set aside the allowances for doubtful accounts amounting to Baht 92.68 million declining from the decrease of portfolio. At the end of 2019, the Company set aside the allowances for doubtful accounts amounting Baht 60.90 million, accounting for 6.92 percent of total hire purchase receivables which slightly difference from the prior years.

Amount due – Loan receivables	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Loan receivables – due not more than 1 year	16,601.48	84.26	25,026.61	81.63	33,110.37	80.16
<u>Deducted by</u> interests not yet booked as income	(1,893.10)	(9.61)	(3,067.41)	(10.01)	(4,460.03)	(10.80)
Total loan receivables	14,708.37	74.65	21,959.20	71.62	28,650.34	69.37
<u>Deducted by</u> allowance for doubtful debts	(339.24)	(1.72)	(497.78)	(1.62)	(341.82)	(0.83)
<b>Loan receivables overdue not more than 1 year - net</b>	<b>14,369.13</b>	<b>72.93</b>	<b>21,461.42</b>	<b>70.00</b>	<b>28,308.52</b>	<b>68.54</b>
Loan receivables overdue 1-5 years	3,102.05	15.74	5,632.09	18.37	8,192.48	19.84
<u>deducted by</u> interest not yet booked as income	(468.69)	(2.38)	(912.25)	(2.98)	(1,381.99)	(3.35)
Total loan receivables	2,633.36	13.36	4,719.84	15.39	6,810.49	16.49
<u>deducted by</u> allowance for doubtful debts	(62.65)	(0.32)	(33.21)	(0.11)	(30.17)	(0.07)
<b>Loan receivables overdue 1 – 5 years – net</b>	<b>2,570.71</b>	<b>13.05</b>	<b>4,686.63</b>	<b>15.29</b>	<b>6,780.32</b>	<b>16.42</b>
Total loan receivables	19,703.53	100.00	30,658.70	100.00	41,302.85	100.00
<u>deducted by</u> interest not yet booked as income	(2,361.79)	(11.99)	(3,979.66)	(12.98)	(5,842.02)	(14.14)
Total loan receivables	17,341.74	88.01	26,679.04	87.02	35,460.83	85.86
<u>deducted by</u> allowance for doubtful debts	(401.89)	(2.04)	(530.99)	(1.73)	(372.00)	(0.90)
<b>Total loan receivables – net</b>	<b>16,939.85</b>	<b>85.97</b>	<b>26,148.05</b>	<b>85.29</b>	<b>35,088.84</b>	<b>84.95</b>

Regarding the loan receivables classified by the balance due, most receivables were due not more than one year, accounting for 80 percent of the total loan receivables. This was because the largest proportion of the Company's loans were loans collateralized by general cars, motorcycles and house or land deeds; most of which were allowed the repayment periods of not more than 24 months.



Loan receivables	31 December 2017		31 December 2018		31 December 2019	
	Million Baht	percentage	Million Baht	percentage	Million Baht	percentage
Not overdue or overdue not more than 1 month	13,533.64	78.04	22,133.30	82.96	26,928.61	75.94
Overdue 1-3 months	3,316.01	19.12	3,878.64	14.54	7,439.33	20.98
Overdue 3-6 months	337.20	1.94	500.75	1.88	761.27	2.15
Overdue 6-12 months	81.15	0.47	110.28	0.41	225.58	0.64
Overdue more than 12 months	73.73	0.43	56.06	0.21	106.04	0.30
<b>Total</b>	<b>17,341.74</b>	<b>100.00</b>	<b>26,679.04</b>	<b>100.00</b>	<b>35,460.83</b>	<b>100.00</b>
deducted by allowance for doubtful accounts	(401.89)	(2.32)	(530.99)	(1.99)	(372.00)	(1.05)
<b>Loan receivables - net</b>	<b>16,939.85</b>	<b>97.68</b>	<b>26,148.05</b>	<b>98.01</b>	<b>35,088.84</b>	<b>98.95</b>

In regard to loan receivables classified by overdue outstanding balance, most receivables were deemed as high quality, with overdue balance of not more than one month, representing 75-83 percent of the total. Meanwhile, the balance overdue from one to three months accounted for 14-21 percent while those overdue three to twelve months represented only two percent. There was only one percent for receivables overdue more than 12 months. The Company set aside allowance for doubtful accounts according to the aforementioned overdue durations. As of ends of 2019, 2018 and 2017, the Company set aside allowance for doubtful accounts amounting to Baht 372.00 million, 530.99 million and Baht 401.89 million, representing 1.05, 1.99 percent and 2.32 percent of total receivables, which the lower allowances shown the better quality of account receivables.

#### Loans to Customers and Accrued Interest Receivable

Loans to customers are commercial loans and project loans which the Company provides project loans to fill the need for expansion or new business development. Project loans can be provided as a short-term, medium-term, or long-term loan to match with the necessity and suitability of each project.

Outstanding of loans to customers and accrued interest receivable as at the end of 2019 shown as follows:

Loans to Customers (unit :Million Baht)	31 Dec 2017	31 Dec 2018	31 Dec 2019
Loans to customers	1,678.19	1,133.97	952.78
Accrued Interest	1.61	3.62	3.49
Loans to customers and accrued interest	1,679.80	1,137.59	956.27
Less Allowance for doubtful accounts	(373.09)	(373.29)	(376.29)
Less Allowance for troubled debt restructuring	(1.23)	(0.46)	(0.04)
<b>Loans to customers and Accrued Interest - net</b>	<b>1,305.48</b>	<b>763.85</b>	<b>579.93</b>

**Quality of Receivable**

SAWAD Group had classified loans to customers and accrued interest and provision as at 31 December 2019 according to Bank of Thailand guideline shown as follows:

Loans to Customers	31 Dec 2018		31 Dec 2019		Percentage used for allowance
	Million	%	Million	%	%
Normal	882.22	77.55	704.25	73.65	1
Special mention	26.75	2.35	26.31	2.75	2
Sub-standard	0.80	0.07	17.31	1.81	100
Doubtful	9.28	0.82	-	-	100
Doubtful of loss	218.54	19.21	208.40	21.79	100
<b>Total</b>	<b>1,137.59</b>	<b>100.00</b>	<b>956.27</b>	<b>100.00</b>	
Less Allowance for doubtful accounts	(373.75)	(32.85)	(376.29)	(39.35)	
<b>Loans to customers and accrued interest - net</b>	<b>763.85</b>	<b>67.15</b>	<b>579.93</b>	<b>60.65</b>	

In regard to loan to customer classified by qualification outstanding balance, most receivables were deemed as high quality, with normal quality, representing 73 percent of the total. Meanwhile, the balance amount from special mention accounted for 2.75 percent while those sub-standard amount represented 1.81 percent. There was 21.79 percent for doubtful receivables. The Company set aside allowance for doubtful accounts according to the aforementioned quality. As of ends of 2019, the Company set aside allowance for doubtful accounts amounting to Baht 376.29 million, representing 39.35 percent of total receivables, which covered the doubtful of loss account receivables.

**Loan Receivables from Purchase of Loan**

The loan receivables from purchase of loan came from the purchase of non-performing loans from financial institutions. The movement and outstanding of loan receivables from purchase of loan shown as follows:

Loan Receivables from Purchase of Loan (unit: million)	2017	2018	2019
Loan receivables from purchase of loan- beginning	2,311.62	2,742.05	3,188.78
Additions	585.88	1,048.58	21.00
Amortization from collection	(155.45)	(601.85)	(205.35)
Loan receivables from purchase of loan - ending	2,742.05	3,188.78	3,004.43
Less Allowance for impairment	(3.29)	(4.41)	(3.51)
<b>Loan receivables from purchase of loan-net</b>	<b>2,738.76</b>	<b>3,184.76</b>	<b>3,000.93</b>





In 2017, the Company purchased distress assets at cost totaled Baht 585.88 million, and collection received during the year, amounted Baht 155.45 million, set aside of allowance for impairment amounted Baht 3.29 million that made the end of 2017 the outstanding loan receivables from purchase of loan amounted Baht 2,738.76 million, calculated to 8.21 percent of total assets. In 2018, the Company purchased distress assets at cost totaled Baht 1,048.58 million, and collection received during the year amounted Baht 601.85 million, and set aside of allowance for impairment amounted Baht 4.41 million that made the end of 2018 the outstanding loan receivables from purchase of loan amounted Baht 3,184.76 million, calculated to 8.12 percent of total assets.

In 2019, the Company purchased distress assets at cost totaled Baht 21 million, and collection received during the year amounted Baht 205.35 million, and set aside of additional allowance for impairment amounted Baht 3.51 million that made the end of 2019 the outstanding loan receivables from purchase of loan amounted Baht 3,000.93 million, calculated to 6.60 percent of total assets.

#### ***Available for Sales Investments***

During 2016, the Company has acquired 9.84 percent of paid-up shares of Bangkok First Investment & Trust Public Company Limited valued Baht 157.71 million and at the end of 2016, the fair value of this available for sales investments was Baht 251.98 million. In 2017, the Company had reclassified this investment to investment in subsidiary after increased percentage of shareholding in Bangkok First Investment & Trust Plc.

During 2017-2019, the Company had realized BFIT's investments as at the end of 2017, 2018 and 2019, amounted Baht 347.52 million, Baht 198.41 million, and Baht 550.58 million respectively.

#### ***Premise Renovation Part and equipment - net***

The Company rents office buildings for its head office and branch offices. Hence, the firm does not own land and buildings as its own operating assets. The Company owns the renovation parts and office deco items, office supplies, computers, vehicles, and computer programs. Most assets at around 57 percent of the total fixed assets as of the end of 2019 were office deco items amounted Baht 364.76 million, followed by the office deco items, vehicles used for branch offices and management, and office supplies including computers, that accounted for 16,15 and 11 percent, respectively. The net value of the offices and equipment totaled approximately Baht 640 million, accounting for 1.41 percent of total assets.

#### ***Intangible Assets-net***

After the Company acquired Srisawad Finance Plc. (prior Bangkok First Investment & Trust Plc.), the Company engaged the expert to evaluate the identifiable net assets acquired which consisted of loans to customers, intangible assets, other assets and liabilities, and deferred tax liabilities. The fair value of net assets from valuation worth more than purchase value amounted Baht 554.00 million.

**Liabilities**

As of the ends of 2017 – 2019, the Company's major liabilities consisted of long-term loans, short-term loans from financial institutions, and debentures. The Company's liabilities continued to increase from Baht 22,202 million as of the end of 2017 to Baht 25,270 million as of the end of 2019, representing a CAGR of 6.68% per annum. The main reason behind the increase was the Company's borrowing in order to fund its financing services based on hire purchases, loan agreements and personal loans.

**Interest bearing debts**

Interest bearing debt structure	Audited financial statement					
	31 December 2017		31 December 2018		31 December 2019	
	Million	percentage	Million	Percentage	Million	percentage
	Baht		Baht		Baht	
Deposits	6,067.78	28.72	7,273.97	30.18	6,348.33	26.59
Debt securities issued	6.00	0.03	6.00	0.02	6.00	0.03
Short-term loan from financial institutions	1,700.00	8.05	3,400.00	14.11	923.52	3.87
Bills of exchanges	600.00	2.84	650.00	2.70	980.00	4.11
Liabilities from finance leases	70.74	0.33	48.45	0.20	21.84	0.09
Short term loan for investment in receivables	-	-	338.83	1.41	-	-
Senior debenture and unsecured bonds	8,565.00	40.54	8,938.08	37.08	11,220.29	47.00
Long term loan from financial institutions	4,119.44	19.49	3,445.83	14.30	4,372.53	18.32
<b>Total interest bearing debts</b>	<b>21,128.96</b>	<b>100.00</b>	<b>24,101.16</b>	<b>100.00</b>	<b>23,872.51</b>	<b>100.00</b>

The Company's interest bearing debts consisted of short-term loans from financial institutions, bills of exchange, long-term loans from investment in receivables, debts from finance leases and hire purchase contracts, senior debenture and long term loan from financial institutions, deposits and debt securities issued.

The Company's interest bearing debts continued to increase from Baht 21,128.96 million as of the end of 2017 to Baht 23,872.51 million as of the end of 2019, accounting for a CAGR of 6.29 percent. The increase was attributable mainly to the borrowing to support the Group's expansion of its lending business. However, as of the end of 2019, the ratio from senior debenture and unsecured bond had widely increases regarding to reduce short-term borrowings to relate to the installment periods and lower cost of funding. At the end of 2019, the Company's interest bearing debts slightly dropped regarding to the Company received fund from private placement and the exercise Warrant No.1 from warrant holders.

In 2013 the Company was allowed to sell short-term bills of exchange to institutional investors or high net worth investors, at the total value of Baht 2,000 million. The bills of exchange had life of not exceeding 270 days. The Company then raised the value for the short-term bills of exchange to Baht 3,000 million and raised the value for the short term bills of exchange to Baht 4,000 million in 2016. As of the end of 2019, the sold bills of exchange



amounted to Baht 980 million. The Company issued senior, unsecured bond offered to institution investors and high net worth investors amounted Baht 3,550 million with interest rate around 4.1 – 4.4 percent per annum and tenor of bond is around three years to four years. The Company also received long term credit line from financial institution amounted Baht 2,000 million.

After the Company acquired Srisawad Finance Plc. which can raise fund from deposits, that accounting deposits amounted Baht 6,067.78 million at the end of 2017, amounted 7,273.97 million at the end of 2018 and amounted 6,348.33 million at the end of 2019

As of 31 December 2017, the debt to equity ratio and interest bearing debt to equity ratio stood at 1.25 times and 1.18 times, respectively.

#### *Shareholders' equity*

	Unit	As of end- 2017	As of end-2018	As of end- 2019
Shareholders' equity	million	9,426.83	11,862.86	18,388.38
Weighted average number of share	Million share	1,087.32	1,147.77	1,336.25
Book value per weighted average share	Baht/share	8.67	10.33	13.76
Number of fully-diluted shares	Million share	1,087.31	1,147.77	1,336.25
Fully-diluted Book Value per share	Baht / share	8.67	10.33	13.76
Return of Equity	%	30.12	24.20	25.97

At the end of 2017, the Company had shareholders' equity amounting to Baht 9,426.83 million, increasing Baht 2,584.60 million, as a result of increasing from net profit from operating and during the year 2017, the Company paid stock dividend amounted 41.82 million shares at the par value of Baht 1, worth Baht 41.82 million and cash dividend amounted Baht 5.23 million to shareholders. And in 2017, warrant holders had exercised 50,200 units of warrants to 53,513 shares.

As of the end of 2018, the Company had shareholders' equity amounting to Baht 11,862.86 million, increasing Baht 2,436.03 million from the end of 2017 as a result of increasing from net profit from operating. During 2018 the Company paid cash and stock dividend amounted Baht 68.50 million and the Company had increased proportion of holding in Srisawad Finance from 36.35 percent to 45.34 percent that caused discount from changes in the ownership interests in a subsidiary amounted Baht 321.62 million.

As of the end of 2019, the Company had shareholders' equity amounting to Baht 18,388.38 million, increasing Baht 6,525.52 million from the end of 2018 as a result of increasing from net profit from operating. During 2019 the Company paid cash and stock dividend amounted Baht 120.47 million, the increase paid-up capital to offer to private placement amounted Baht 2,565 million, and the exercise Warrant No. 1 from warrant holders amounted Baht 11 million. The Company had increased proportion of holding in Srisawad Finance from 45.34 percent to



82.04 percent that caused discount from changes in the ownership interests in a subsidiary amounted Baht 648.78 million.

## 2) Liquidity

The objectives for liquidity management were: i) to prepare capital for the Company to be able to run business in compliance with both existing and potential financial obligations; and ii) to seek appropriate marketing opportunities. The Company's financial obligations occurred when the debts were due or when the Company needed funding for working capital purposes.

(Unit: Million Baht)	Audited financial statement		
	2017	2018	2019
Net cash flow received (used) from operating activities	1,404.13	(1,478.66)	(3,992.32)
Net cash flow received (used) from operating activities --adjusted <sup>/1</sup>	6,440.54	5,539.83	3,473.43
Net cash flow received (used) from investing activities	(455.76)	1,088.64	(68.10)
Net cash flow received (used) from financing activities	191.60	948.37	3,306.67
<b>Cash and cash equivalent increase (decrease) – net</b>	<b>1,139.97</b>	<b>558.35</b>	<b>(753.74)</b>

Note: <sup>/1</sup> The operating cash flow was adjusted, excluding hire purchase receivables, loan receivables, loans receivable from the purchase of loans

### *Operating cash flow*

In 2017 – 2019 the Company received cash flow worth Baht 1,404 million, used operating cash flow worth Baht 1,479 million, and Baht 3,992 million, respectively. This pattern was quite normal for the lending business operated by non-financial institutions, which expanded their investment in loan receivables. The Group's loan growth achieved a 28 percent CAGR, raising its loan portfolio from Baht 22,149 million in 2017 to Baht 36,341 million at the end of 2019, as discussed in the item about the hire purchase and loan receivables. In addition, during 2019 the Company received cash flow from increase capital and exercise warrant amounted Baht 3,098 million.

Excluding the increase in receivables from both hire purchase and lending as well as receivables for related parties, which may have deemed as asset investment, the Company's operating cash flow held up fairly well with annual improvements, however the Company has slow down deposits which may decrease the receive cash flow.

### *Operating cash flow from investment*

From 2017 the Company saw its operating cash flow amount Baht 645 million given that the Company increased the asset investment by around Baht 223 million. The asset investment included investment in the computer



systems, office deco items, and vehicles in order to support the Company's business operation and enhance operation. In 2017, the Company had additionally invested in Srisawad Finance Plc. for 26.51% of paid-up capital worth Baht 556 million. In 2018, the Company received cash flow from selling trading and available for sale investments amounted Baht 1,088 million, however during 2018, the Company also increased investments in fixed asset and increased the investment in Srisawad Finance amounted Baht 592 million, in this regard, the Company held 45.34 percent of Srisawad Finance's registered capital. In 2019, the Company used operating cash flow amount Baht 68 million given that the Company increased the asset investment by around Baht 290 million and increased the investment in Srisawad Finance amounted Baht 6,341 million, in this regard, the Company held 82.04 percent of Srisawad Finance's registered capital.

#### ***Cash flow from financing activities***

From 2017 to 2019, the Company's cash flow from financing activities ranged from Baht 191 – 3,307 million. The major funding source, a part from the operating cash flow, was short-term and long-term loans from financial institutions, bills of exchanges and debentures. In 2017 and in 2019 the Company raised fund from exercise of warrant and received capital fund from private placement. The Group increased the borrowing as well as increasing capital in order to fund its expansion of branch office network, enlarging hire purchase loans, auto-backed and home-backed loans and personal loans going forward.

### **3) Funding Sources**

The funding came from loans from financial institutions mainly in forms of overdrafts and promissory notes, short-term and long-term borrowings from financial institutions followed by debentures, deposits and bill of exchange. Over 40 percent of the funding consisted of interest bearing debts with repayment durations of 1-3 years. As of 31 December 2019, the company's interest bearing debts totaled Baht 23,872.51 million. Apart from this, the funding also came from the equity: as of 31 December 2019 the Company's paid-up capital amounted to Baht 1,336.25 million.

#### ***Capital Structure***

As of the ends of 2017 and 2018 and 2019, the Company's debt to equity ratios stood at 1.99 times, 1.88 times, and 1.25 times, respectively. The figure continued on a downtrend given that the Company launched capital increase programs to support the growth in lending services and that the Company's retained earnings continued to grow significantly, resulting in gradual increases in shareholders' equity. In 2019, the Company's debt to equity ratio dropped regarding to the Company increased paid-up capital from private placement and exercise of warrant.



## The relationship of sources and use of funding

Sources and use of funds classified by the due durations	Audited financial statement					
	2017		2018		2019	
	Million	%	Million	%	Million	%
<u>Sources of funds</u>						
Short-term loans	11,569.71	37.85	15,660.35	43.16	12,601.43	29.37
Long-term loans	9,559.25	31.27	8,440.81	23.26	11,271.08	26.27
Shareholders' equities						
-Paid-up capital	1,087.37	3.56	1,147.77	3.16	1,336.25	3.11
-Retained earnings	6,878.51	22.52	9,575.76	26.39	13,209.64	30.78
- Premiums on common shares	1,424.76	4.66	1,424.76	3.93	4,455.07	10.38
-Premium on shares from share-based payment	36.19	0.12	36.19	0.10	36.19	0.08
<b>Sources of funding- total</b>	<b>30,555.79</b>	<b>100.00</b>	<b>36,285.64</b>	<b>100.00</b>	<b>42,909.66</b>	<b>100.00</b>
<u>Use of funds</u>						
Up to 1 year	17,750.81	69.19	23,500.96	71.74	29,267.03	74.11
1 year onwards	7,904.80	30.81	9,256.59	28.26	10,221.94	25.89
<b>Use of funds- total</b>	<b>25,655.61</b>	<b>100.00</b>	<b>32,757.55</b>	<b>100.00</b>	<b>39,488.97</b>	<b>100.00</b>

In regard to the relation between the sources of funds and use of funds, the two items showed relation at a certain degree. In 2017-2019, the Company still considered the balance of short-term and long-term sources of fund to the used of fund. And there will be some series of debenture will be mature in next year, this shown short-term borrowing increased.

In 2019, short-term and long-term portion of borrowings were not different from the year 2018, as a result of the combination of fund related with loans. And there will be some series of debenture will be mature, the Company seek for appropriated sources, term and timing of funding.

As for the liquidity based on the loan to debt ratios, from 2017 to 2019, the Company managed to maintain comfortable levels of loan to debt ratios at around 1.28 – 1.68 times because the Company used most of the loans for lending.

	Audited financial statement		
	2017	2018	2019
Loan to debt ratio (time))	1.28	1.38	1.68

**4) Off Balance Sheet Obligations**

Potential obligations and liabilities	End-2017	End-2018	End-2019
Within 1 year	286.50	352.92	485.07
From 1 to 5 years	254.30	338.67	469.14
<b>Total</b>	<b>540.80</b>	<b>691.59</b>	<b>954.21</b>

As of 31 December 2017 , 31 December 2018 and 31 December 2019, the off balance sheet obligations amounted to Baht 540.80 million, Baht 691.59 million and Baht 954.21 million, respectively. The obligations from the lease for the Group's offices accounted for 5.74 percent, 5.83 percent and 5.19 percent, respectively versus the Company's shareholders' equity.

**14.2 Audit Fee**

In the fiscal year 2018, the Company paid the audit fee to Pricewaterhousecoopers ABAS Co., Ltd for a total amount of Baht 5,200,000. The 2019 Annual General Meeting approved the payment of Baht 5,860,000 for the audit fee and the review fee for the interim separated and consolidated financial statements. Apart from such fee, the Company did not have other fees to pay to the auditor or the auditor's company.



### Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors is responsible for the Company's financial statements including all accuracy, adequate financial information. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and accounting estimates. All material information was sufficiently disclosed in the notes to financial statements and audited and expressed with unqualified by an independent auditor.

The Board of Directors has set up an appropriated internal control system to ensure the accuracy of financial information.

In this regard, The Board of Directors has appointed the Audit Committee which comprised independent directors, to oversee the quality of financial reports and internal control system. The Audit Committee opined that the Company's internal control system are satisfactory and assure the reliability of the Company's financial statements as of December 31, 2019.

Mr. Sukhont Kanjanahuttakij

Chairman

Mr. Chatchai Kaewbootta

Chief Executive Officer





### Audit Committee Report

The Company's Board of Directors appointed the Audit Committee. As of 31 December 2019, the Audit Committee consisted of three independent directors, two of whom possess accounting and financial background. All directors did not involve the Company's management. The list of independent directors is as follows:

Mr. Vinai Vittavasarnvej	Chairman of Audit Committee
Pol.Lt.Gen. Pharnu Kerdlarpphon	Member of Audit Committee
Mr. Weerachai Ngamdeevilaisak	Member of Audit Committee

The members of the Audit Committee carried out their duties under the scope and responsibility as assigned by the Boards of Director. The Committee placed emphasis on working with ethics, transparency, balance of power, and ability to be scrutinized. In addition, the Committee also assessed the adequacy of the internal control system covering various areas, including the organization and environment, the control over performance of the management, the reviews of connected transactions or conflicts of interests, the compliance of the Company's rules and regulations, the information and communication, and the monitoring activities. The Audit Committee opined that the Company's internal control was adequate.

During the year 2019, the Audit Committee convened a total of four meetings, where the authorized auditor, the internal auditor, and independent financial advisor attended, with appropriate agenda being proposed to the Company's Boards of Directors and the Company's management for acknowledgement and further procedure on a quarterly basis. The details of agendas can be summarized below.

1. To review the quarterly financial statement; review and approve the proposal of the annual financial statement to the Company's Board of Directors.
2. To acknowledge and provide opinions in regard to the Audit Committee report
3. To consider the audit results and suggestions from the internal auditor in regard to the operation system and the internal control system; such results and suggestions shall be proposed to the management for improvement or adjustment as appropriate, with the results of the improvement and adjustment being monitored regularly



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4. To ensure regular evaluations of the internal control system
  5. To consider reasons and comment on connected transactions between the Company, subsidiaries, and related parties. Most of these connected transactions were aimed to support the Company's core business operation which necessary and justified. To consider and ensure the adequate and concise conflict of interest policy.
  6. To select and propose Mrs. Anothai Leekijwatana, the certified public accountant No. 3442 and/or Mr.Paiboon Tankoon, the certified public accountant No. 4298 and/or Ms Sinsiri Thangsombat, the certified public accountant No. 7352 from PricewaterhouseCoopers ABAS Co., Ltd. as the Company's auditor for the fiscal year 2020; to propose the audit fee for the Board of Directors' approval; and to propose the appointment of the Company's auditor as well as the audit fee to the 2020 Annual General Meeting of Shareholders for approval.
  7. To select the P & L Internal Audit Co., Ltd as an internal auditor; and to review and ensure that the internal control plans cover all operation systems.

In 2019 the Audit Committee received full co-operation from all relevant parties. Hence, the Audit Committee would like to express our gratitude for such a good co-operation.

Mr. Vinai Vittavasgarnvej

Chairman of the Audit Committee

**SRISAWAD CORPORATION PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

**31 DECEMBER 2019**

## **Independent Auditor's Report**

To the Shareholders of Srisawad Corporation Public Company Limited

### **My opinion**

In my opinion, the consolidated financial statements of Srisawad Corporation Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### **What I have audited**

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key audit matters**

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<p><b>Allowance for doubtful accounts of hire-purchase receivables, loans receivables and personal loans receivables, and loans to customers</b></p> <p>Refer to Note 10 to the financial statements for 'Hire-purchase receivables', Note 11 'Loans and personal loans receivables', and Note 12 'Loans to customers'.</p> <p>Of the Group's total assets, hire-purchase receivables contributed 2%, while loans and personal loans receivables contributed 77% and loans to customers contributed 1%. The Group monitors the repayment of these receivables and classifies them, based on aging, into portfolios.</p> <p>The same approach is applied to assess the allowance for doubtful accounts. The Group also sets up an allowance for doubtful accounts based on the outstanding receivable aging, after offsetting unearned interest income and the value of the collateral (if any), using a fixed rate of this allowance according to the Group's accounting policy.</p> <p>I considered the allowance for doubtful accounts of hire-purchase receivables, loans receivables and personal loans receivables, and loans to customers to be a significant matter. This is because management needs to use judgment and assumptions to evaluate the collateral. The Group consistently recognises this allowance according to the Group's accounting policy. The estimated amount of the allowance for doubtful accounts is based on the collateral value, the receivable aging, and the types of collateral.</p>	<p>I examined the allowance for doubtful accounts on hire-purchase receivables, loans receivables and personal loans receivables, and loans to customers using the following methods:</p> <ul style="list-style-type: none"> <li>• I evaluated the appropriateness of management's judgment to consider this allowance by enquiring management about the methods and the assumptions used. I understood the management's process and criteria for setting up the allowance.</li> <li>• I randomly selected loans to independently perform a credit analysis based on risk exposure, such as types of collateral and classification for those receivables. I tested the accuracy of the aging report generated from the IT system, checking them with supporting documents such as hire-purchase contracts, loan and personal loan agreements, invoices and receipts.</li> <li>• I assessed the basis and data used to value the collateral by randomly comparing samples with appraisal reports by independent valuers both internal and external. If an independent valuer's valuation wasn't available, I randomly selected samples of information provided by the Group about the selling price history from the disposal of similar collateral to consider whether the valuation of collateral was within an appropriate range.</li> <li>• I tested management's calculation of the allowance for doubtful accounts of hire-purchase, loans and personal loans receivables, and loans to customers. I also checked the accuracy of the data on the accounting records.</li> </ul> <p>Based on work performed and on the available evidence, I deemed that the management's assessment for the allowance for doubtful accounts on hire-purchase, loans and personal loans receivables, and loans to customers were properly set up.</p>

Key audit matter	How my audit addressed the key audit matter
<p><b>Impairment assessment of the finance license from the business combination</b></p> <p>Refer to Note 4 to the financial statements for 'critical accounting estimates and judgments related to finance license from business combination'.</p> <p>The Group has a finance license from a business combination of Baht 554 million as at 31 December 2019. The Group is required to perform an impairment test on the finance license at least annually.</p> <p>I focussed on this area due to the size of the finance license balance of around 1.2% of total assets. Assessment of the recoverable amount from the cash flow projection also involves the management's judgment, which is based on assumptions affected by forecasts of the following future market and economic conditions:</p> <ul style="list-style-type: none"> <li>the growth rate of the loan portfolio</li> <li>interest cost rate</li> <li>fee income rate</li> <li>the discount rate calculated from the cost of equity.</li> </ul> <p>Based on the annual impairment assessment, the management concluded that there was no impairment of the finance license as at 31 December 2019.</p>	<p>I assessed the management's significant assumptions in considering the financial licence impairment using the following methods:</p> <ul style="list-style-type: none"> <li>I enquired management to understand the basis and information they used to assess this impairment.</li> <li>I compared the current year's actual results with the projected figures to consider whether any projection was based on optimistic assumptions exceeding actual results.</li> <li>I assessed management's key assumptions by comparing them to actual performance figures and appropriateness of the shareholders' cost of equity, which is used as the discount rate applied to calculate the finance license's value.</li> </ul> <p>Based on the above work performed, I considered that management's key assumptions used to consider the impairment of the finance license are appropriate.</p>

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

**Anothai Leekitwattana**

Certified Public Accountant (Thailand) No. 3442

Bangkok

25 February 2020

**Srisawad Corporation Public Company Limited**  
**Statement of Financial Position**  
**As at 31 December 2019**

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	1,648,912	2,409,501	90,401	378,287
Short-term investments, net	9	520	512,174	-	306,236
Current portion of hire-purchase receivables, net	10	599,507	1,628,003	-	-
Current portion of loans receivable and personal loans receivable, net	11	28,308,515	21,461,421	-	-
Current portion of loans to customers and accrued interest receivable, net	12	359,007	411,538	-	-
Current portion of receivable from related party from sales of loans receivable and accrued interest receivable	37 g)	-	-	2,729,935	245,238
Accrued interest receivable from long-term loans to related party	37 i)	-	-	7,216	17,082
Short-term loans to related parties and accrued interest receivable	37 h)	-	-	12,761,955	5,401,823
Short-term loans to financial institutions		670,000	600,000	-	-
Other receivables	14	819,989	496,218	100,197	16,296
Properties foreclosed, net	15	771,138	658,108	-	-
Other current assets		83,092	76,329	5,183	3,115
<b>Total current assets</b>		<b>33,260,680</b>	<b>28,253,292</b>	<b>15,694,887</b>	<b>6,368,077</b>
<b>Non-current assets</b>					
Long-term investments, net	16	550,577	198,409	358,211	-
Investments in subsidiaries	17	-	-	10,277,880	3,921,497
Hire-purchase receivables, net	10	219,763	1,033,281	-	-
Loans receivable and personal loans receivable, net	11	6,780,321	4,686,630	-	-
Loans to customers and accrued interest receivable, net	12	220,927	352,308	-	-
Loans receivable from purchase of loans, net	18	3,000,927	3,184,374	-	-
Receivable from related party from sales of loans receivable and accrued interest receivable	37 g)	-	-	84,986	2,864,967
Long-term loans to related party	37 i)	-	-	2,000,000	8,000,000
Property, plant and equipment, net	19	640,260	629,308	16,987	-
Intangible assets, net	20	568,105	568,241	749	1,030
Deferred tax assets	21	83,229	179,324	1,989	1,853
Other non-current assets	22	136,820	131,969	3,287	3,287
<b>Total non-current assets</b>		<b>12,200,929</b>	<b>10,963,844</b>	<b>12,744,089</b>	<b>14,792,634</b>
<b>Total assets</b>		<b>45,461,609</b>	<b>39,217,136</b>	<b>28,438,976</b>	<b>21,160,711</b>

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.



**Srisawad Corporation Public Company Limited**

**Statement of Financial Position (Cont'd)**

**As at 31 December 2019**

		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
	Notes	Baht'000	Baht'000	Baht'000	Baht'000
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Deposits	23.1	6,348,333	7,273,973	-	-
Debt securities issued	23.2	6,000	6,000	-	-
Short-term borrowings from financial institutions	24	1,903,523	4,050,000	1,903,523	3,050,000
Short-term borrowings from financial institutions for purchase of loans	24.2	-	338,826	-	-
Current portion of long-term borrowings from financial institutions	24.3	1,937,407	2,703,889	1,247,129	330,556
Current portion of obligations under long-term lease liabilities	25	15,071	29,166	-	-
Other payables	26	662,661	742,467	89,434	91,964
Current portion of senior debentures	27	2,391,100	1,258,500	2,391,100	1,258,500
Income tax payable		492,374	481,091	-	17,962
Other current liabilities		60,192	84,786	5,572	2,176
<b>Total current liabilities</b>		<b>13,816,661</b>	<b>16,968,698</b>	<b>5,636,758</b>	<b>4,751,158</b>
<b>Non-current liabilities</b>					
Long-term borrowings from financial institutions	24.3	2,435,124	741,944	2,305,680	250,000
Deferred tax liabilities	21	136,000	139,424	-	-
Obligations under long-term lease liabilities	25	6,766	19,280	-	-
Senior debentures	27	8,829,191	7,679,583	8,829,191	7,679,583
Employee benefit obligations	28	46,154	40,009	9,982	9,265
<b>Total non-current liabilities</b>		<b>11,453,235</b>	<b>8,620,240</b>	<b>11,144,853</b>	<b>7,938,848</b>
<b>Total liabilities</b>		<b>25,269,896</b>	<b>25,588,938</b>	<b>16,781,611</b>	<b>12,690,006</b>

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

**Srisawad Corporation Public Company Limited**
**Statement of Financial Position (Cont'd)**
**As at 31 December 2019**

		Consolidated		Separate	
		financial statements		financial statements	
	Notes	2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
<b>Liabilities and equity (Cont'd)</b>					
<b>Equity</b>					
Share capital					
Authorised share capital					
1,374,661,443 ordinary shares					
at par value Baht 1					
	29	1,374,661	1,249,710	1,374,661	1,249,710
(2018: 1,249,710,379 ordinary shares)					
Issued and paid-up share capital					
1,336,247,251 ordinary shares					
at par value Baht 1					
	29	1,336,247	1,147,772	1,336,247	1,147,772
(2018: 1,147,771,588 ordinary shares)					
Share premium	29	4,455,070	1,424,760	4,455,070	1,424,760
Share premium from share-based payment	29	36,190	36,190	36,190	36,190
Retained earnings					
Appropriated - Legal reserve					
	31	130,058	124,971	130,058	124,971
Unappropriated					
		13,080,823	9,457,375	5,699,732	5,737,012
Discount from changes in the ownership					
interests in a subsidiary					
		(648,776)	(321,618)	-	-
Other components of equity					
		(1,242)	(6,590)	68	-
<b>Equity attributable to owners of the parent</b>		18,388,370	11,862,860	11,657,365	8,470,705
Non-controlling interests		1,803,343	1,765,338	-	-
<b>Total equity</b>		20,191,713	13,628,198	11,657,365	8,470,705
<b>Total liabilities and equity</b>		45,461,609	39,217,136	28,438,976	21,160,711

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.



**Srisawad Corporation Public Company Limited**

**Statement of Comprehensive Income (Cont'd)**

**For the year ended 31 December 2019**

		Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
Note		Baht'000	Baht'000	Baht'000	Baht'000
Profit attributable to:					
Owners of the parent		3,756,487	2,768,360	101,749	339,685
Non-controlling interests		172,260	232,530	-	-
		<u>3,928,747</u>	<u>3,000,890</u>	<u>101,749</u>	<u>339,685</u>
Total comprehensive income attributable to:					
Owners of the parent		3,755,798	2,765,263	102,809	339,685
Non-controlling interests		172,825	230,131	-	-
		<u>3,928,623</u>	<u>2,995,394</u>	<u>102,809</u>	<u>339,685</u>
Earnings per share					
Basic earnings per share (Baht per share)	35	2.85	2.19	0.08	0.27

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

**Srisawad Corporation Public Company Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 December 2019**

Consolidated financial statements													
		Other components of equity											
		Other comprehensive income											
		Issued and paid-up share capital	Share Premium	Share premium from share-based payment	Legal reserve	Retained earnings Unappropriated	Discount from changes in the ownership interests in a subsidiaries	Available- for-sale investment	Currency translation differences	Total other components of equity	Total owners of the parent	Non- controlling interests	Total equity
	Notes	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance as at 1 January 2018		1,087,368	1,424,760	36,190	112,995	6,769,011	-	2,143	(5,636)	(3,493)	9,426,831	1,747,713	11,174,544
Stock dividend	30	60,404	-	-	-	(60,404)	-	-	-	-	-	-	-
Dividend paid	30	-	-	-	-	(7,616)	-	-	-	-	(7,616)	-	(7,616)
Total comprehensive income for the year		-	-	-	-	2,768,360	-	(1,358)	(1,739)	(3,097)	2,765,263	230,131	2,995,394
Change in process from ordinary shares issued		-	-	-	-	-	(321,618)	-	-	-	(321,618)	(199,742)	(521,360)
Increase in non-controlling interest from investment in subsidiary		-	-	-	-	-	-	-	-	-	-	1,250	1,250
Dividend paid from subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	-	-	(14,014)	(14,014)
Appropriated - legal reserve	31	-	-	-	11,976	(11,976)	-	-	-	-	-	-	-
Closing balance as at 31 December 2018		1,147,772	1,424,760	36,190	124,971	9,457,375	(321,618)	785	(7,375)	(6,590)	11,862,860	1,765,338	13,628,198
Opening balance as at 1 January 2019		1,147,772	1,424,760	36,190	124,971	9,457,375	(321,618)	785	(7,375)	(6,590)	11,862,860	1,765,338	13,628,198
Issuance of ordinary share		68,001	3,030,310	-	-	-	-	-	-	-	3,098,311	-	3,098,311
Stock dividend	30	120,474	-	-	-	(120,474)	-	-	-	-	-	-	-
Dividend paid	30	-	-	-	-	(14,460)	-	-	-	-	(14,460)	-	(14,460)
Total comprehensive income for the year		-	-	-	-	3,763,469	-	(879)	(6,792)	(7,671)	3,755,798	172,825	3,928,623
Currency translation differences from reclassification of investment		-	-	-	-	-	-	-	13,019	13,019	13,019	-	13,019
Change in proportion of investment in subsidiaries		-	-	-	-	-	(327,158)	-	-	-	(327,158)	(134,820)	(461,978)
Appropriated - legal reserve	31	-	-	-	5,087	(5,087)	-	-	-	-	-	-	-
Closing balance as at 31 December 2019		1,336,247	4,455,070	36,190	130,058	13,080,823	(648,776)	(94)	(1,148)	(1,242)	18,388,370	1,803,343	20,191,713

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

**Srisawad Corporation Public Company Limited**  
**Statement of Changes in Equity (Cont'd)**  
**For the year ended 31 December 2019**

Separate financial statements								
						Other components of equity		
						Other comprehensive income		
		Issued and paid-up share capital	Share Premium	Share from share-based payment	Legal reserve	Retained earnings Unappropriated	Available-for-sale investment	Total
Notes	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
Opening balance as at 1 January 2018		1,087,368	1,424,760	36,190	112,995	5,477,323	-	8,138,636
Stock dividend	30	60,404	-	-	-	(60,404)	-	-
Dividend paid	30	-	-	-	-	(7,616)	-	(7,616)
Total comprehensive income for the year		-	-	-	-	339,685	-	339,685
Appropriated - legal reserve	31	-	-	-	11,976	(11,976)	-	-
Closing balance as at 31 December 2018		1,147,772	1,424,760	36,190	124,971	5,737,012	-	8,470,705
Opening balance as at 1 January 2019		1,147,772	1,424,760	36,190	124,971	5,737,012	-	8,470,705
Issuance of ordinary share		68,001	3,030,310	-	-	-	-	3,098,311
Stock dividend	30	120,474	-	-	-	(120,474)	-	-
Dividend paid	30	-	-	-	-	(14,460)	-	(14,460)
Total comprehensive income for the year		-	-	-	-	102,741	68	102,809
Appropriated - legal reserve	31	-	-	-	5,087	(5,087)	-	-
Closing balance as at 31 December 2019		1,336,247	4,455,070	36,190	130,058	5,699,732	68	11,657,365

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

**Srisawad Corporation Public Company Limited**  
**Statement of Cash Flows**  
**For the year ended 31 December 2019**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
<b>Cash flows from operating activities</b>					
Profit before income tax expense		4,881,018	3,725,874	127,176	381,082
<b>Adjustments:</b>					
Loss on revaluation of trading securities	9	-	2,875	-	1,037
Gain on sales of trading securities		-	(7,771)	-	(2,539)
Gain on sales of available-for-sales securities		(3,256)	(2,175)	(2,390)	-
Depreciation and amortisation	19, 20	229,943	212,842	1,175	281
Loss on write-off of equipments		3,491	4,760	-	-
Loss on write-off of intangible assets		1,031	-	-	-
Gain on sale of equipments		(845)	(3,871)	-	-
Loss (reversal) on impairment of properties foreclosed		10,530	(20,113)	-	-
Loss (gain) on disposal of properties foreclosed		29,501	(52,897)	-	-
Gain on sale investments in subsidiary		(35,451)	-	-	-
Bad debts and doubtful accounts	28	552,088	388,349	-	-
Employee benefit obligations		16,377	11,353	1,957	2,334
Interest income		(7,239,255)	(5,802,346)	(705,112)	(689,785)
Finance costs		828,296	720,926	503,972	392,278
Amortisation of premium (discount) in investment in bonds		768	881	-	-
Amortisation of debt issuance costs		8,035	1,791	8,035	-
Decommissioning cost		278	371	19	-
Dividend income		(2,769)	(2,372)	-	(174,116)
<b>Changes in operating assets (increase) decrease</b>					
Hire-purchase receivables		1,836,674	1,996,626	-	-
Loans receivable and personal loans receivable		(9,486,776)	(9,354,834)	-	-
Loans receivable from purchase of loans		184,350	339,707	-	-
Loans to customers and accrued interest receivable		180,874	341,864	-	-
Receivable from related party from sales of loans receivable		-	-	300,000	5,939,693
Other receivables		(268,288)	(253,630)	(82,257)	7,744
Properties foreclosed, net		(153,061)	(249,861)	-	-
Other current assets		(8,552)	(64,719)	(2,068)	(750)
Other non-current assets	22	(4,851)	(42,703)	-	(310)
<b>Changes in operating liabilities increase (decrease)</b>					
Deposits	23.1	(925,640)	1,206,197	-	-
Short-term loans to financial institutions		(70,000)	750,000	-	-
Other current liabilities		(24,594)	58,434	3,396	153
Other payables		(44,732)	153,319	(6,786)	(13,374)
Other non-current liabilities		-	(22,312)	-	-
Employee benefit paid		-	(766)	-	-
<b>Cash flows used in operating activities</b>					
		(9,504,816)	(5,964,201)	147,117	5,843,728
Interest received		7,216,020	5,775,977	551,998	659,180
Interest paid		(853,492)	(690,701)	(501,393)	(391,213)
Income tax expense		(850,029)	(599,731)	(43,790)	(38,997)
<b>Net cash flows (used in) generated from operating activities</b>					
		(3,992,317)	(1,478,656)	153,932	6,072,698

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

**Srisawad Corporation Public Company Limited**

**Statement of Cash Flows (Cont'd)**

**For the year ended 31 December 2019**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
<b>Cash flows from investing activities</b>					
Cash paid from short-term investments	9	(6)	(5)	-	-
Cash received from sales of trading securities		-	6,705,191	-	3,905,000
Cash paid of purchase of trading securities	9	-	(4,900,000)	-	(3,200,000)
Cash received from sales of available-for-sales		4,373,002	-	3,253,000	-
Cash paid of purchase of available-for-sales	16	(4,200,000)	-	(3,300,000)	-
Cash paid of purchase of general investments	16	(2,500)	-	(2,500)	-
Cash received from loans to related parties	37 h)	-	-	8,087,967	1,519,574
Cash paid for loans to related parties	37 h), 37 i)	-	-	(9,290,000)	(9,705,000)
Cash received from sales of available-for-sales securities		-	145,977	-	-
Cash paid for purchase of investments in subsidiaries	17	-	(521,360)	(6,356,383)	(990,138)
Cash received from sales of equipments		52,774	7,856	-	-
Cash paid for purchase of property, plant and equipment		(289,746)	(342,814)	(17,409)	-
Cash paid for purchase intangible assets	20	(4,392)	(8,580)	-	-
Cash received from dividend		2,769	2,372	-	192,289
<b>Net cash flows provided by (used in) investing activities</b>		(68,099)	1,088,637	(7,625,325)	(8,278,275)
<b>Cash flows from financing activities</b>					
Cash received from short-term borrowings from financial institutions	24	21,708,905	7,850,000	15,708,905	7,850,000
Cash paid for short-term borrowings from financial institutions	24	(23,855,382)	(6,100,000)	(16,855,382)	(6,100,000)
Cash paid for short-term borrowings from financial institutions for purchase of loans	24.2	(338,826)	(447,612)	-	-
Cash received from issuance of senior debentures	27	3,532,673	3,184,592	3,532,673	3,186,383
Cash paid for redemption of senior debentures	27	(1,258,500)	(2,813,300)	(1,258,500)	(2,813,300)
Cash received from long-term borrowings from financial institutions	24.3	3,800,000	1,460,000	3,500,000	500,000
Cash paid for long-term borrowings from financial institutions	24.3	(2,873,302)	(2,133,611)	(527,747)	(269,444)
Cash paid for obligation under long-term lease liabilities		(30,558)	(30,067)	-	-
Cash received from exercise warrant		(479,864)	-	-	-
Cash received from additional investment in subsidiary for non-controlling interests		17,970	-	-	-
Cash received from additional capital		3,098,311	-	3,098,311	-
Dividend paid		(14,753)	(21,630)	(14,753)	(7,616)
<b>Net cash provided by financing activities</b>		3,306,674	948,372	7,183,507	2,346,023

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.



**Srisawad Corporation Public Company Limited**

**Statement of Cash Flows (Cont'd)**

**For the year ended 31 December 2019**

	Notes	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
<b>Net increase (decrease) in cash and cash equivalents</b>		(753,742)	558,353	(287,886)	140,446
Exchange (loss) on cash and cash equivalents		(6,847)	(1,927)	-	-
Cash and cash equivalents at beginning of the year		2,409,501	1,853,075	378,287	237,841
<b>Cash and cash equivalents at the end of the year</b>	8	<u>1,648,912</u>	<u>2,409,501</u>	<u>90,401</u>	<u>378,287</u>
<b>Additional information - Non-cash transactions</b>					
Purchase equipment under finance lease		3,949	7,776	-	-
Reclassification of trading securities		511,660	-	306,236	-
Issues promissory note for purchases of loans receivable					
from financial institutions	24.2	-	786,438	-	-
Stock dividend	30	120,474	60,404	120,474	60,404
Provision for decommissioning cost		-	6,359	-	-
Unrealize loss from revaluation of available-for-sales investment		(1,670)	2,255	85	-

The accompanying notes on page 15 to 74 are an integral part of these consolidated and separate financial statements.

## **1 General information**

Srisawad Corporation Public Company Limited ("the Company") is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The address of the Company's registered office is as follows:

99/392 Srisawad Building, 4, 6 floor, Chaeng Watthana 10 Alley, 3 Sub Alley, Chaeng Watthana Road, Thungsonghong, Laksi, Bangkok, 10210

The Company is held 46.71% of shares by Kaewboota family who is the majority shareholder. The rest 53.29% of shares is held by individuals

For reporting purposes, the Company and its subsidiaries are referred to as 'the Group'.

The main operation of the Group are financial service specifically hire-purchase, loan, non-performing assets management, investments in other companies, management and consulting services for retail credit systems in local and foreign country and credit sale in foreign country.

The consolidated and separate financial statements were authorised by the Board of Directors on 25 February 2020.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E. 2547 and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with TFRS requires management to use certain critical accounting estimates and to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas that are more likely to be materially adjusted due to changes in estimates and assumptions are disclosed in Note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

In the notes all amounts are shown in Thai Baht (thousands) unless otherwise stated.

## 2 Accounting policies (Cont'd)

### 2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group

2.2.1 The Group has applied the following standard and amendments for the first time for their annual reporting commencing 1 January 2019

#### a) Thai Financial Reporting Standard no.15 (TFRS 15), Revenue from contracts with customers

The standard provides principle and approach of revenue recognition under five-step process. The underlying principle is that the Group will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It replaces the principles of transferring the significant risks and rewards of ownership of the goods or services to the buyer in accordance with TAS 11, Construction contracts, TAS 18, Revenue and related interpretations.

#### b) Thai Financial Reporting Standard no.2 (TFRS 2) (revised 2018), Share-based payment

The amendments made to TFRS 2 clarify:

- the measurement basis for cash-settled share-based payments; and
- the accounting for modifications that change an award from cash-settled to equity-settled.

They also introduce an exception to the classification principles in TFRS 2. Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the whole amount will be treated as if it is equity-settled. Previously the tax portion was accounted for as cash-settled.

#### c) Thai Financial Reporting Interpretation no.22 (TFRIC 22), Foreign currency transactions and advance consideration

TFRIC 22 clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

The Group's management has implemented the above revised standards and considered that they do not have a material impact on the Group.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020.

The Group has assessed new and amended financial reporting standards that are not effective for current period end 31 December 2019.

#### a) Financial instruments

The new financial standards relate to financial instruments are:

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These new standards address the classification, measurement, derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

## 2 Accounting policies (Cont'd)

### 2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

#### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020. (Cont'd)

The Group has assessed new and amended financial reporting standards that are not effective for current period end 31 December 2019. (Cont'd)

##### a) Financial instruments (Cont'd)

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for the Group's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the Group is exposed during the period and at the end of the reporting period, and how the Group manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

##### Classification and measurement:

- The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the Group's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
- Equity instrument financial assets shall be measured at fair value through profit or loss. The Group can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
- Financial liabilities are classified and measured at amortised cost. The Group can choose to measure a liability at fair value through profit or loss when the conditions are met.

The combined application of the Group's business model and the cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset when compared to the existing classification of financial assets in the statement of financial position as at 31 December 2019. However, the Group has identified certain instruments that will change the classification from existing classification. The major changes in classification and measurement on 1 January 2020 will consist of the following instrument:

- General investment which is currently stated at cost less allowance for impairment in value will be measured at fair value elected at inception to be fair valued in other comprehensive income.

The concept of interest recognition will be changed to recognise at effective interest rate. In which, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due which recognise interest income on cash basis. The recognition interest income on loan when its principal or interest payment has become over three months past due or stage 3 loan account under TFRS 9 will be recognise at effective interest rate of the carrying amount after impairment.

##### Impairment of financial assets

The impairment requirements relating to the accounting for the Group's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Group always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the Group measures impairment losses and applies the effective interest rate method. In which the a three-stage expected credit loss impairment will be as the following stages:

**2 Accounting policies (Cont'd)**

**2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)**

**2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020. (Cont'd)**

The Group has assessed new and amended financial reporting standards that are not effective for current period end 31 December 2019. (Cont'd)

**a) Financial instruments (Cont'd)**

**Impairment of financial assets (Cont'd)**

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

For trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components, they are permitted to measure by simplified approach for credit impaired consideration.

As a consequence, the method of impairment loss calculation will be changed from calculation in accordance to the existing BOT's guideline to calculation by the Company's impairment model with taking effect of forward looking adjustment.

**Transitional impact**

On 1 January 2020, the Group will apply the financial reporting standards in its financial statements by applying full retrospective approach for changing interest recognition to effective interest rate from beginning of the contract. For other items, the Group will apply modified retrospective approach. From the preliminary assessment, management expect that the major adjustment of opening balance of retained earnings will be affected on the following items:

- Change in balance of general investment which is currently stated at cost less allowance for impairment, will be measured at fair value. The change in fair value and gains (losses) from sale will be recognised to other comprehensive income.
- Change in calculation of allowance for impairment of financial assets under the new standard requirement

The Group's management is currently assessing the impacts from above revised standards to the Group.

## 2 Accounting policies (Cont'd)

### 2.2 New and amended financial reporting standards that are relevant and have significant impacts to the Group (Cont'd)

#### 2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020. (Cont'd)

The Group has assessed new and amended financial reporting standards that are not effective for current period end 31 December 2019. (Cont'd)

#### b) TFRS 16, Leases

TFRS 16 will result in almost all leases where the Group is a lessee being recognised on the statement of financial position as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group will apply TFRS 16, leases and recognised in accordance with the obligations and discounting to present values with incremental borrowing rates of the lessees and right-of-use assets are recognised equal to the present value of liabilities under the lease agreements. From the preliminary impact assessment, the management expect that the Group will be affected by significant lease liabilities on rental lease agreement, previously classified as operating leases under TAS 17, Leases.

#### c) Other new/amended standards

The new and amended financial reporting standards that will have significant impact on the Group are:

TAS 12	Income tax
TAS 19	Employee benefits
TAS 28	Investments in associates and joint ventures
TFRS 9	Financial instruments

**Amendment to TAS 12, Income tax** - clarified that the income tax consequences of dividends of financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.

**Amendment to TAS 19, Employee benefits (plan amendment, curtailment or settlement)** - clarified accounting for defined benefit plan amendments, curtailments and settlements that the updated assumptions on the date of change are applied to determine current service cost and net interest for the remainder of the reporting period after the plan amendment, curtailment or settlement.

**Amendment to TAS 28, Investments in associates and joint ventures (long-term interests in associates and joint ventures)** - clarified the accounting for long-term interests in an associate or joint venture, which is in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under TFRS 9, Financial instruments before applying the loss allocation and impairment requirements in TAS 28, Investments in associates and joint ventures.

**Amendment to TFRS 9, Financial instruments (prepayment features with negative compensation)** - enabling entities to measure certain prepayable financial assets with negative compensation at amortised cost instead of fair value through profit or loss. These assets include some loan and debt securities. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

## **2 Accounting policies (Cont'd)**

### **2.3 Principles of consolidation accounting**

#### **a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group until the date that control ceases.

In the separate financial statements, investments in subsidiaries are accounted for using cost less impairment.

#### **b) Changes in ownership interests**

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A difference between the amount of the adjustment to non-controlling interests to reflect their relative interest in the subsidiary and any consideration paid or received is recognised within equity.

If the ownership interest in associates and joint ventures is reduced but significant influence and joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. Profit or loss from reduce of the ownership interest in associates and joint ventures is recognise in profit or loss.

When the Group losses control, joint control or significant influence over investments, any retained interest in the investment is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value becomes the initial carrying amount of the retained interest which is reclassified to investment in an associate, or a joint venture or a financial asset accordingly.

#### **c) Intercompany transactions on consolidation**

Intra-group transactions, balances and unrealised gains on transactions are eliminated. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are also eliminated in the same manner unless the transaction provides evidence of an impairment of the asset transferred.

### **2.4 Foreign currency translation**

#### **a) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company's and the Group's functional and presentation currency.

#### **b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the date of revaluation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Any exchange component of gains and losses on a non-monetary item that recognised in profit or loss, or other comprehensive income is recognised following the recognition of a gain or loss on the non-monetary item.

## 2 Accounting policies (Cont'd)

### 2.4 Foreign currency translation (Cont'd)

#### c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as other comprehensive income.

### 2.5 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call, short-term highly liquid investments with maturities of three months or less from acquisition date and bank overdrafts.

In the statements of financial position, bank overdrafts are shown in current liabilities.

### 2.6 Securities purchased under resale agreements

The private repurchase agreement has definite date and future settlement price. The amount paid for securities purchased under resale agreements in the future is presented as part of short-term loans to financial institutions. Securities under resale agreements are treated as collateral for loans.

### 2.7 Investments in debt and equity securities

Investments other than investments in subsidiaries are initially recognised at fair value of consideration paid plus direct transaction cost.

#### *Trading and available-for-sale investments*

Trading investments and available-for-sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income and are subsequently reclassified to profit or loss when the investment is disposed.

#### *Held-to-maturity investments*

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment.

#### *General investments*

General investments are carried at cost less impairment.

#### *Disposal of investments*

On a disposal of an investment, the difference between the net disposal proceeds and the carrying amount (including cumulative changes in fair value recognised in equity) is recognised to the profit or loss. When the Group disposes an investment partially, the carrying amount of the disposed part is determined by the weighted average method.



## 2 Accounting policies (Cont'd)

### 2.8 Loans receivable from purchase of loans

Loans receivable from purchase of loans purchased from financial institutions are valued at acquisition cost and subsequently amortised based on effective interest rate less allowance for impairment (if any). The Group records loss on impairment of investments in statements of comprehensive income. The Group determines allowance for impairment of loans receivable from purchase of loans based on the present value of expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements discounted using market interest rate.

### 2.9 Hire-purchase receivables, loans receivable and personal loans receivable

Hire-purchase receivables, loans receivable and personal loans receivable would initially be recognised at an amount equal to the net investment in the contract. Subsequently, they are stated at net realisable value from the contract value net of unearned interest income and allowance for doubtful accounts. The Group sets up allowance for doubtful accounts from the aging period of outstanding receivables, after netting unearned interest income and collateral value (if any). The collateral value is ranged from 0%-75% of the contract value, depending on the chance of debt collectability and the sales of collateral. The basis of allowance for doubtful is as follows:

Aging months	Percentage of allowance for doubtful accounts		
	Hire-purchase receivables and loans receivable - Motor cycles	Hire-purchase receivables and loans receivable - Others	Personal loans receivable
Current or overdue not over than 1 month	1	1	1
Overdue more than 1 month to 3 months	2	2	2
Overdue more than 3 months to 6 months	100	20	100
Overdue more than 6 months to than 12 months	100	100	100
More than 12 months	100	100	100

### 2.10 Loans to customers

Loans to customers are stated at the principal balances, including accrued interest receivables.

The Group sets aside an allowance for doubtful accounts and an allowance for revaluation of debt restructuring based on the guidelines laid down in the Bank of Thailand's Notification ("BOT") No. SorNorSor.5/ 2559 on determining rule of classified by loan classification and allowance for doubtful accounts of financial institutions, and by analysing and evaluating debtors' status based on the collateral valuation and risk assessment.

The Group has implemental a policy not to reverse the excess allowance for doubtful accounts that are able to settle their debt under debt restructuring agreement signed with the Group.

Interest income on loans to customer are recognised as income on an accrual basis, except in the case of interest on loans to customer which is over three months past due from the due date where interest is recognised on collection basis. The Group reverses accrued interest income on loans to customer when its principal or interest payment has become over three months past due to comply with the BOT's Notification. The Group will recognise income only when cash is received and the Group continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

### 2.11 Properties foreclosed

Properties foreclosed consisting of immovable and movable assets are stated at the lower of cost or net realisable value less estimated selling expenses of the acquisition assets. Where the carrying value of properties foreclosed incurred impairment, the Group will recognise the provision for impairment of properties foreclosed in total.

The Group will recognise gain (loss) on sales of properties foreclosed as income or expenses in the whole amount in the Statement of Comprehensive Income.

## **2 Accounting policies (Cont'd)**

### **2.12 Property, plant and equipment**

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items, including an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has the obligation to do so.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All other repairs and maintenance are charged to profit or loss when incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line to allocate their cost to their residual values over their estimated useful lives, as follows:

Land	Not depreciated
Building	20 years
Building improvement	3 years
Furniture and fixture	5 years
Equipment	5 years
Vehicles	5, 10 years
Decoration	18 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

### **2.13 Intangible assets**

#### *Computer software*

Acquired computer software is measured at cost. These costs are amortised over their estimated useful lives not over than 5 years.

Cost associated with maintaining computer software are recognised as an expense as incurred.

#### *Research and development / Internally generated intangible asset*

Research expenditure is recognised as an expense as incurred.

Development expenditure is recognised as an asset when the Group can demonstrate all of the following:

- the expenditure attributable to its development can be measured reliably;
- the Group can demonstrate that it is technically, financially, commercially, and resourcefully feasible; and
- the Group intends to and has the ability to complete the development for the purpose of using or selling.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are amortised when the asset is ready to use or sell by applying a straight-line method over the period of its expected benefit, not exceeding 5 years.

#### *Finance license*

Finance license acquired from business combination are recognised at fair value at the acquisition date. The license have an indefinite useful life and are not revalued in the accounts as they are not traded in an active market. Finance license will not subject to amortisation and are tested annually for impairment.

## **2 Accounting policies (Cont'd)**

### **2.14 Impairment of assets**

Assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever there is an indication of impairment. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Where the reasons for previously recognised impairments no longer exist, the impairment losses on the assets concerned other than goodwill is reversed.

### **2.15 Leases**

#### **Leases - where the Group is the lessee**

Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

At the inception of finance lease, the lower of the fair value of the leased property and the present value of the minimum lease payments is capitalised. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations is presented net of finance charges. Finance cost is charged to profit or loss over the lease period.

#### **Leases - where the Group is the lessor**

Rental income under operating leases (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### **2.16 Troubled debt restructuring - where the Group is the creditor**

The Group records assets or equities received in settlement of debts at the lower of the fair values of the assets or equities, less estimated selling expenses (if any), and the amount of investment in receivables (including accrued interest income).

Where the debt restructuring involves modification of the terms of receivables, the fair value of investment in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by effective interest rate prevailing at the restructuring date.

Losses arising from restructuring, less recorded provision for doubtful accounts, are recognised in profit or loss when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

### **2.17 Borrowings**

Borrowings are recognised initially at the fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it will be drawn down. The fee is deferred until the drawn down occurs and included in effective interest calculation. However, if it is probable that facility will not be drawn down, that portion of the fee paid is recognised as a prepayment and amortised over the period of related facility.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## 2 Accounting policies (Cont'd)

### 2.18 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### *Current tax*

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### *Deferred income tax*

Deferred income tax is recognised on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not recognised for temporary differences arise from:

- initial recognition of an asset or liability in a transaction other than a business combination that affects neither accounting nor taxable profit or loss is not recognised
- investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is measured using tax rates of the period in which temporary difference is expected to be reversed, based on tax rates and laws that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 2.19 Employee benefits

#### a) Short-term employee benefits

Liabilities for short-term employee benefits such as wages, salaries, paid annual leave and paid sick leave, profit-sharing and bonuses, and medical care that are expected to be settled wholly within 12 months after the end of the period are recognised in respect of employees' service up to the end of the reporting period. They are measured at the amount expected to be paid.

#### b) Defined contribution plan

The Group pays contributions to a separate fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

**2 Accounting policies (Cont'd)**

**2.19 Employee benefits (Cont'd)**

c) Defined benefit plans

Amount of retirement benefits is defined by the agreed benefits the employees will receive after the completion of employment. It usually depends on factors such as age, years of service and an employee's latest compensation at retirement.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government that matches the terms and currency of the expected cash outflows.

Remeasurement gains and losses are recognised directly to other comprehensive income in the period in which they arise. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

Past-service costs are recognised immediately in profit or loss.

**2.20 Share-based payment**

The Group records a share-based payment for director remuneration. The Group receives services from the director as consideration for selling the Company's shares below fair value. The difference between the selling price and the fair value is recognised as an expense in the statement of comprehensive income and increase in the equity.

**2.21 Provisions**

The Group recognises provision when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.22 Share capital**

Ordinary shares with discretionary dividends is classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2 Accounting policies (Cont'd)**

### **2.23 Revenues and expenses recognition**

#### **a) Interest income from hire purchase, loan contract and personal loans contract**

The Group recognises interest income from hire purchase, loan contract and personal loans contract and using the effective interest rate method.

Recognition of interest income is discontinued when hire-purchase and loans receivable are more than 3 - 4 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire purchase receivables and loan receivables which are overdue by more than 4 installments.

#### **b) Interest income from purchase of loans**

Interest income from purchase of loans is recognised using effective interest rates method which is based on the expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements. When the loan receivables from purchase of loan has already made full payment but the Group still has right to demand performance by debtor according to agreement, the Group will recognise such difference when payment is made by debtor as gain on loan receivables from purchase of loan in statement of comprehensive income.

#### **c) Other income**

The Group recognises fees and services income when diverse range of services have been rendered to its customers.

Fee and services income is generally recognised on the completion of a transaction. Such fees include insurance brokerage income, collateral assessment fees, collection fees, and penalty fees.

For a service that is provided over a period of time, services income is recognised over the period during which the related service is provided. Such fees include the income from management fees and rental incomes.

#### **d) Gain (loss) from sales of properties foreclosed**

Gain (loss) from sales of properties foreclosed (net with value added tax) is recognised when significant risks and rewards of assets of the goods are transferred to the buyer.

#### **e) Other income and expense**

Other income and expense are recognised on an accrual basis.

### **2.24 Dividend distribution and dividend recognition**

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholders.

Dividend income is recognised when the right to receive payment is established.

### **2.25 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

### **3 Financial risk management**

#### **3.1 Financial risk factors**

The Group exposes to a variety of financial risks: market risk (currency risk, fair value risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The board of directors provides written principles for overall risk management which is carried out by a central treasury department (the Group treasury), including identification, evaluation and hedge of financial risks in close co-operation with operating units.

##### **3.1.1 Interest rate risk**

The Group has interest rate risk from borrowings and debentures at fixed and floating interest rates. The Group has significant interest-bearing assets.

All interest rate derivative transactions are subject to approval by the finance director before execution. The Group uses interest rate swaps to manage risk of future variable borrowings' interest payments. The Group agrees with the other parties to exchange, quarterly, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

##### **3.1.2 Credit risk**

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that contracts are made with customers who have an appropriate credit history, limiting customers' credit limit as well as obtaining appropriate guarantees from customers. Derivative counterparties and deposits are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

##### **3.1.3 Liquidity risk**

The Group manages sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions.

#### **3.2 Fair value estimation**

The approximate fair values of financial assets and liabilities with a maturity of less than one year is close to net book value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future cash flows that available to the Group for similar financial instruments at the current market interest rate which is disclosed in Note 6 to the financial statements.

#### **4 Critical estimates and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Allowance for doubtful accounts of hire-purchase, loans receivable and personal loan

The Group maintains an allowance for doubtful accounts to reflect impairment of hire-purchase and loans receivable and personal loan. Management uses judgment in estimating the allowance for doubtful accounts by considering overdue period of receivables and type of collateral. The assessment is based on historical debt collection experiences, historical default, and future market trends.

(b) Allowance for impairment of properties foreclosed

The Group assesses allowance for impairment of properties foreclosed when net realisable value falls below the book value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets, and the latest sales price of assets (if any). However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

(c) Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations. The Group determines the appropriate discount rate at the end of each year.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 28 to the financial statements.

(d) Recognition of interest income from loans receivable from purchase of loan

The Group recognises interest income from loan receivables from purchase of loan based on present value of expected future cash flows from collateral disposal or expected debt collection from receivables under approved debt restructuring agreements discounted using effective interest rate. The Group uses judgment to estimate the amount and period of time expected to receive cash collection from receivables.

(e) Estimation of impairment of loans receivable from purchase of loans

The Group annually assesses allowance for impairment of loan receivables from purchase of loan. According to Note 2.8, net realisable value of loan receivables from purchase of loan is determined by the present value of expected future cash flows discounted using market interest rate at the last day of reporting period.

(f) Assessment of impairment on finance license

The Group tests annually whether finance license has suffered any impairment, in accordance with the accounting policy stated in note 2.14. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates based on management assumption.



## 5 Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

## 6 Fair value estimation

The following table presents the Group and Company's financial assets that are measured at fair value at 31 December 2019 and 2018.

<b>Consolidated financial statements</b>				
<b>2019</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	520	-	520
Available-for-sale investments (Note 16)	-	521,104	-	521,104
<b>Total assets</b>	-	521,624	-	521,624
<b>Consolidated financial statements</b>				
<b>2018</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	512,174	-	512,174
Available-for-sale investments (Note 16)	-	181,628	-	181,628
<b>Total assets</b>	-	693,802	-	693,802
<b>Separate financial statements</b>				
<b>2019</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Available-for-sale investments (Note 16)	-	355,711	-	355,711
<b>Total assets</b>	-	355,711	-	355,711
<b>Separate financial statements</b>				
<b>2018</b>				
	<b>Level 1 Baht'000</b>	<b>Level 2 Baht'000</b>	<b>Level 3 Baht'000</b>	<b>Total Baht'000</b>
<b>Assets</b>				
Short-term investments (Note 9)	-	306,236	-	306,236
<b>Total assets</b>	-	306,236	-	306,236

Fair values are categorised into hierarchy based on inputs used as follows:

Level 1: The fair value of financial instruments is based on the current bid price / closing price by reference to the Stock Exchange of Thailand / the Thai Bond Dealing Centre.

Level 2: The fair value of financial instruments is determined using significant observable inputs and, as little as possible, entity-specific estimates.

Level 3: The fair value of financial instruments is not based on observable market data

## **7 Segment information**

The Group presents segment information by presenting business segment as the primary reporting format based on the type of business in determining business segment.

The main operation of the Group is financial service specifically hire-purchase, loan, non-performing assets management, investments in other companies, management and consulting services for retail credit systems in local and foreign country and credit sale in foreign country.

The Group did not have income from investments in other companies for the years ended 31 December 2019 and 2018. Income from business segment operation is from domestic customers which comprises of retailed customers.

The consolidated financial statement by segments for the years ended 31 December 2019 and 2018 are as follows:

	<b>2019</b>			
	<b>Hire- purchase Baht'000</b>	<b>Loan Baht'000</b>	<b>Finance Business Baht'000</b>	<b>Total Baht'000</b>
Interest income	447,929	6,715,681	75,645	7,239,255
Dividend income				2,769
Other income				2,551,236
<b>Total revenue</b>				<b>9,793,260</b>
Servicing expenses				(176,920)
Administrative expenses				(3,354,938)
Bad and doubtful debts expense	(16,336)	(532,848)	(2,904)	(552,088)
<b>Profit before finance costs and income tax expense</b>				<b>5,709,314</b>
Finance costs				(828,296)
<b>Profit before income tax expense</b>				<b>4,881,018</b>
Income tax expenses				(952,271)
<b>Net profit for the year</b>				<b>3,928,747</b>
<b>Timing of other income recognition under TFRS 15</b>				
At a point in time				2,076,732
Over time				1,760
<b>As at 31 December 2019</b>				
Hire-purchase receivables, net (Note 10)	819,270	-	-	819,270
Loans receivable and personal loans receivable, net (Note 11)	-	35,088,836	-	35,088,836
Loans to customers and accrued interest receivable, net (Note 12)	-	-	579,934	579,934
Loans receivable from purchase of loans, net (Note 18)	-	3,000,927	-	3,000,927
Unallocated assets				5,972,642
<b>Total consolidated assets</b>				<b>45,461,609</b>
Deposits and securities issued (Note 23)	-	-	6,354,333	6,354,333
Borrowings from financial institutions (Notes 24)				6,276,054
Senior debentures (Note 27)				11,220,291
Unallocated liabilities				1,419,218
<b>Total consolidated liabilities</b>				<b>25,269,896</b>

7 Segment information (Cont'd)

The consolidated financial statement by segments for the years ended 31 December 2019 and 2018 are as follows:  
(Cont'd)

	2018			
	Hire- purchase Baht'000	Loan Baht'000	Finance Business Baht'000	Total Baht'000
Interest income	954,359	2,118,134	2,724,017	5,796,510
Dividend income				2,372
Other income				2,082,443
<b>Total revenue</b>				<b>7,881,325</b>
Servicing expenses				(179,451)
Administrative expenses				(2,866,725)
Bad and doubtful debts expense	(32,455)	(156,119)	(199,775)	(388,349)
<b>Profit before finance costs and income tax expense</b>				<b>4,446,800</b>
Finance costs				(720,926)
<b>Profit before income tax expense</b>				<b>3,725,874</b>
Income tax expenses				(724,984)
<b>Net profit for the year</b>				<b>3,000,890</b>
<b>Timing of other income recognition under TFRS 15</b>				
At a point in time				1,784,061
Over time				340
<b>As at 31 December 2018</b>				
Hire-purchase receivables, net (Note 10)	2,661,284	-	-	2,661,284
Loans receivable and personal loans receivable, net (Note 11)	-	26,148,051	-	26,148,051
Loans to customers and accrued interest receivable, net (Note 12)	-	-	763,846	763,846
Loans receivable from purchase of loans, net (Note 18)	-	3,184,374	-	3,184,374
Unallocated assets				6,459,581
<b>Total consolidated assets</b>				<b>39,217,136</b>
Deposits and securities issued (Note 23)	-	-	7,279,973	7,279,973
Borrowings from financial institutions (Notes 24)				7,834,659
Senior debentures (Note 27)				8,938,083
Unallocated liabilities				1,536,223
<b>Total consolidated liabilities</b>				<b>25,588,938</b>

**8 Cash and cash equivalents**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Cash	1,316	5,343	3	3
Saving deposits	586,510	929,625	39,088	119,423
Deposits held at call with banks	1,059,941	1,022,533	51,310	258,861
Short-term fixed deposits	1,145	452,000	-	-
Total cash and cash equivalents	1,648,912	2,409,501	90,401	378,287

As at 31 December 2019, saving deposits carry interest rate of 0.22% - 0.75% per annum (2018: 0.37% - 0.75% per annum).

**9 Short-term investments, net**

	Consolidated financial statements			
	2019		2018	
	Cost/ Amortised cost Baht'000	Fair value Baht'000	Cost/ Amortised cost Baht'000	Fair value Baht'000
Trading securities - investment unit	-	-	511,554	511,660
Add Revaluation surplus	-	-	106	-
Trading securities, net	-	-	511,660	511,660
Fixed deposits	520	520	514	514
Total short-term investments, net	520	520	512,174	512,174

	Separate financial statements			
	2019		2018	
	Cost/ Amortised Cost Baht'000	Fair value Baht'000	Cost/ Amortised cost Baht'000	Fair value Baht'000
Trading securities - investment unit	-	-	306,168	306,236
Add Revaluation surplus	-	-	68	-
Trading securities, net	-	-	306,236	306,236
Total short-term investments, net	-	-	306,236	306,236

As at 31 December 2019, short-term investments was 12-month fixed deposits which had interest rate 0.90% - 1.375% per annum (2018: interest rate 0.90% - 1.375% per annum).

**9 Short-term investments, net (Cond't)**

The movement of trading securities during the years ended 31 December 2019 and 2018 are as follows:

	<b>Consolidated financial statement</b>	
	<b>2019</b>	<b>2018</b>
	<b>Trading securities Baht'000</b>	<b>Trading securities Baht'000</b>
Opening net book balance	511,660	2,311,955
Additions	-	4,900,000
Disposals	-	(6,697,420)
Reclassify from (to) available-for-sale (Note 16)	(511,660)	-
Change in fair value of securities	-	(2,875)
Closing net book balance	-	511,660

	<b>Separate financial statement</b>	
	<b>2019</b>	<b>2018</b>
	<b>Trading securities Baht'000</b>	<b>Trading securities Baht'000</b>
Opening net book balance	306,236	1,009,734
Additions	-	3,200,000
Disposals	-	(3,902,461)
Reclassify from (to) available-for-sale (Note 16)	(306,236)	-
Change in fair value of securities	-	(1,037)
Closing net book balance	-	306,236

**10 Hire-purchase receivables, net**

As at 31 December 2019 and 2018, the Group's contract period of hire-purchase receivables are as follows:

	<b>Consolidated financial statements</b>					
	<b>2019</b>			<b>2018</b>		
	<b>Amounts due under contracts</b>			<b>Amounts due under contracts</b>		
	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>Total Baht'000</b>
Hire-purchase receivables	779,114	252,392	1,031,506	2,160,251	1,235,926	3,396,177
Unearned interest income	(123,522)	(27,819)	(151,341)	(453,294)	(188,921)	(642,215)
Total	655,592	224,573	880,165	1,706,957	1,047,005	2,753,962
<u>Less</u> Allowance for doubtful accounts	(56,085)	(4,810)	(60,895)	(78,954)	(13,724)	(92,678)
Hire-purchase receivables, net	<u>599,507</u>	<u>219,763</u>	<u>819,270</u>	<u>1,628,003</u>	<u>1,033,281</u>	<u>2,661,284</u>

**10 Hire-purchase receivables, net (Cont'd)**

As at 31 December 2019 and 2018, the Group's hire-purchase receivables and allowance for doubtful accounts were classified by aging as follows:

<b>Consolidated financial statements</b>				
<b>2019</b>				
	<b>Hire-purchase receivables and unearned interest income Baht'000</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht'000</b>	<b>Minimum percentage %</b>	<b>Allowance for doubtful accounts Baht'000</b>
Current or overdue not over than 1 month	351,226	2,921	1	29
Overdue more than 1 month to 3 months	418,996	30,525	2	611
Overdue more than 3 months to 6 months	46,112	16,965	20	3,393
Overdue more than 6 months to 12 months	27,119	20,150	100	20,150
Overdue more than 12 months	36,712	36,712	100	36,712
<b>Total</b>	<b>880,165</b>	<b>107,273</b>		<b>60,895</b>
<b>Consolidated financial statements</b>				
<b>2018</b>				
	<b>Hire-purchase receivables and unearned interest income Baht'000</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht'000</b>	<b>Minimum percentage %</b>	<b>Allowance for doubtful accounts Baht'000</b>
Current or overdue not over than 1 month	1,495,108	158,916	1	1,589
Overdue more than 1 month to 3 months	1,027,061	148,239	2	2,965
Overdue more than 3 months to 6 months	144,669	63,195	20	12,639
Overdue more than 6 months to 12 months	53,883	42,244	100	42,244
Overdue more than 12 months	33,241	33,241	100	33,241
<b>Total</b>	<b>2,753,962</b>	<b>445,835</b>		<b>92,678</b>

As at 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire-purchase receivables which are overdue by more than 4 installments.

As at 31 December 2019, the Group had outstanding hire-purchase receivables for which installment payments are overdue more than 3 periods but for which revenue is still being recognised in the consolidated financial statements amounting to Baht 133.76 million (2018: Baht 293.53 million).

In addition, if the Group had discontinued recognised interest income and followed this accounting guideline, the amount of interest from hire-purchase receivables recognised in the consolidated statement of total comprehensive income for the year ended 31 December 2019 was reduced by Baht 2.58 million (2018: Baht 4.44 million).

**11 Loans receivable and personal loans receivable, net**

As at 31 December 2019 and 2018, the Group's loans receivable and personal loans receivable were classified by contract due as follows:

	Consolidated financial statements					
	2019			2018		
	Amounts due under contracts			Amounts due under contracts		
	Less than 1 year Baht'000	1 - 5 years Baht'000	Total Baht'000	Less than 1 year Baht'000	1 - 5 years Baht'000	Total Baht'000
Loans receivable and personal loans receivable	33,110,367	8,192,484	41,302,851	25,026,609	5,632,089	30,658,698
Unearned interest income	(4,460,027)	(1,381,992)	(5,842,019)	(3,067,407)	(912,251)	(3,979,658)
Total	28,650,340	6,810,492	35,460,832	21,959,202	4,719,838	26,679,040
<u>Less</u> Allowance for doubtful accounts	(341,825)	(30,171)	(371,996)	(497,781)	(33,208)	(530,989)
Loans receivable and personal loans receivable, net	28,308,515	6,780,321	35,088,836	21,461,421	4,686,630	26,148,051

As at 31 December 2019 and 2018, the Group's loans receivable and personal loans receivable, and allowance for doubtful accounts were classified by aging as follows:

	Consolidated financial statements			
	2019			
	Loans receivable and personal loans receivable and unearned interest income Baht'000	Net balance after collateral used for setting allowance for doubtful account Baht'000	Minimum percentage %	Allowance for doubtful accounts Baht'000
Current or overdue not over than 1 month	26,928,614	8,419,737	1	84,197
Overdue more than 1 month to 3 months	7,439,331	2,256,363	2	45,127
Overdue more than 3 months to 6 months	761,266	182,183	20, 100	133,587
Overdue more than 6 months to 12 months	225,585	48,664	100	48,664
Overdue more than 12 months	106,036	60,421	100	60,421
Total	35,460,832	10,967,368		371,996
	Consolidated financial statements			
	2018			
	Loans receivable and personal loans receivable and unearned interest income Baht'000	Net balance after collateral used for setting allowance for doubtful account Baht'000	Minimum percentage %	Allowance for doubtful accounts Baht'000
Current or overdue not over than 1 month	22,133,297	11,993,488	1	119,935
Overdue more than 1 month to 3 months	3,878,645	1,690,770	2	33,815
Overdue more than 3 months to 6 months	500,754	254,925	20, 100	240,300
Overdue more than 6 months to 12 months	110,279	80,874	100	80,874
Overdue more than 12 months	56,065	56,065	100	56,065
Total	26,679,040	14,076,122		530,989

**11 Loans receivable and personal loans receivable, net (Cont'd)**

As at 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. The Company has a policy to cease recognising revenue from hire-purchase receivables which are overdue by more than 4 installments.

As at 31 December 2019, the Group had outstanding loans receivable and personal loans receivable for which installment payments are overdue more than 3 installments but for which revenue is still being recognised in the consolidated financial statements amounting to Baht 253.31 million (2018: Baht 171.83 million).

In addition, if the Group had discontinued recognised interest income and followed this accounting guideline, the amount of interest from loans receivable and personal loans receivable recognised in the consolidated statement of total comprehensive income for the year ended 31 December 2019 was reduced by Baht 3.02 million (2018: Baht 1.96 million).

**12 Loans to customers and accrued interest receivable, net**

As at 31 December 2019 and 2018, the Group's loans to customers and accrued interest receivable of a subsidiary from business acquisition were classified by amounts due under contracts as follows:

<b>Consolidated financial statements</b>				
<b>2019</b>				
<b>Amounts due under contracts</b>				
	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>More than 5 years Baht'000</b>	<b>Total Baht'000</b>
Loans to customers	553,044	379,575	20,163	952,782
<u>Add</u> Accrued interest receivable	3,485	-	-	3,485
Total loans to customers and accrued interest receivable	556,529	379,575	20,163	956,267
<u>Less</u> Allowance for doubtful accounts	(197,482)	(8,402)	(19,795)	(225,679)
<u>Less</u> Allowance for troubled debt restructuring	(40)	-	-	(40)
Total	359,007	371,173	368	730,548
<u>Less</u> Surplus reserve				(150,614)
Total loans to customers and accrued interest receivable, net				579,934

<b>Consolidated financial statements</b>				
<b>2018</b>				
<b>Amounts due under contracts</b>				
	<b>Less than 1 year Baht'000</b>	<b>1 - 5 years Baht'000</b>	<b>More than 5 years Baht'000</b>	<b>Total Baht'000</b>
Loans to customers	601,305	511,073	21,596	1,133,974
<u>Add</u> Accrued interest receivable	3,619	-	-	3,619
Total loans to customers and accrued interest receivable	604,924	511,073	21,596	1,137,593
<u>Less</u> Allowance for doubtful accounts	(193,386)	(11,530)	(21,176)	(226,092)
<u>Less</u> Allowance for troubled debt restructuring	-	(458)	-	(458)
Total	411,538	499,085	420	911,043
<u>Less</u> Surplus reserve				(147,197)
Total loans to customers and accrued interest receivable, net				763,846



12 Loans to customers and accrued interest receivable, net (Cont'd)

As at 31 December 2019 and 2018, the Group's loans to customers and accrued interest receivable of a subsidiary from business acquisition were classified by aging as follows:

Consolidated financial statements					
2019					
	Loans outstanding and accrued interest receivables Baht'000	Net balance used for allowance Baht'000	Percentage used for allowance %	Allowance for doubtful accounts Minimum allowance per BOT guideline Baht'000	Amount already set up by the Company Baht'000
Normal	704,253	670,963	1	6,710	8,894
Special mention	26,306	26,112	2	522	25,579
Sub-standard	17,308	17,308	100	17,308	17,308
Doubtful	-	-	100	-	-
Doubtful of loss	208,400	173,400	100	173,400	173,898
Total loans to customers and accrued interest	956,267	887,783		197,940	225,679
Surplus reserves				-	150,614
Total				197,940	376,293

Consolidated financial statements					
2018					
	Loans outstanding and accrued interest receivables Baht'000	Net balance used for allowance Baht'000	Percentage used for allowance %	Allowance for doubtful accounts Minimum allowance per BOT guideline Baht'000	Amount already set up by the Company Baht'000
Normal	882,220	878,600	1	8,786	18,280
Special mention	26,754	26,557	2	531	26,376
Sub-standard	803	803	100	803	803
Doubtful	9,277	9,277	100	9,277	9,277
Doubtful of loss	218,539	168,354	100	168,354	171,356
Total loans to customers and accrued interest	1,137,593	1,083,591		187,751	226,092
Surplus reserves				-	147,197
Total				187,751	373,289

As at 31 December 2019, the Group has defaulted loans to customers and accrued interests amounting to Baht 225.71 million (2018: Baht 228.62 million) for which the Group has ceased accrual interest income on accrual basis according to the Bank of Thailand's notification.

### 13 Troubled debt restructurings

During the year ended 31 December 2019 and 2018, the Company did not make additional debt restructuring agreement.

Details of customers whose debts have been restructured as at 31 December 2019 and 2018 compared with the total customers are as follows:

	Consolidated financial statements			
	2019		2018	
	Number of debtors	Outstanding balance before restructuring Baht'000	Number of debtors	Outstanding balance before restructuring Baht'000
Restructured debts	1	95,000	1	95,000

The debts restructured referred to above can be classified by the terms of repayment under the restructuring agreements as follows:

Year of debts restructuring contracts	Consolidated financial statements					
	2019			2018		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Baht'000	After restructuring Baht'000		Before restructuring Baht'000	After restructuring Baht'000
Not over than 1 month	-	-	-	-	-	-
More than 1 month - 3 months	-	-	-	-	-	-
More than 3 months - 6 months	-	-	-	-	-	-
More than 6 months - 12 months	-	-	-	-	-	-
More than 12 months	1	95,000	2,207	1	95,000	9,588
Total	1	95,000	2,207	1	95,000	9,588

Supplemental information relating to the restructured debts for the years ended 31 December 2019 and 2018 are as follows:

	2019 Baht'000	2018 Baht'000
Interest income	694	1,313

### 14 Other receivables

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Other receivables - properties foreclosed	63,223	82,252	-	-
Amount due from related parties (Note 37 e)	41	216	368	8,861
Interest receivable	1,970	2,090	165	-
Prepaid expenses	32,953	50,532	6,746	6,236
Deposits	19,735	23,461	994	1,169
Receivable from legal execution department	240,025	228,249	-	-
Advance	88,645	58,820	-	30
Others	373,397	50,598	91,924	-
Total	819,989	496,218	100,197	16,296

15 Properties foreclosed, net

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Cost	804,767	681,207
<u>Less</u> Allowance for impairment	(33,629)	(23,099)
Properties foreclosed, net	771,138	658,108

16 Long-term investments, net

	Consolidated financial statements			
	2019		2018	
	Cost Baht'000	Fair value Baht'000	Cost Baht'000	Fair value Baht'000
Available-for-sale investments	519,837	521,104	178,691	181,628
<u>Add</u> Revaluation adjustments	1,267	-	2,937	-
Total available-for-sale investments, net	521,104	521,104	181,628	181,628
General investments	83,225	29,473	70,533	16,781
<u>Less</u> Allowance for impairment	(53,752)	-	(53,752)	-
Total general investments, net	29,473	29,473	16,781	16,781
Total long-term investments, net	550,577	550,577	198,409	198,409

	Separate financial statements			
	2019		2018	
	Cost Baht'000	Fair value Baht'000	Cost Baht'000	Fair value Baht'000
Available-for-sale investments	355,626	355,711	-	-
<u>Add</u> Revaluation adjustments	85	-	-	-
Total available-for-sale investments, net	355,711	355,711	-	-
General investments	2,500	2,500	-	-
<u>Less</u> Allowance for impairment	-	-	-	-
Total general investments, net	2,500	2,500	-	-
Total long-term investments, net	358,211	358,211	-	-

16 Long-term investments, net (Cont'd)

The movement of long-term investments during the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements			
	2019		2018	
	Available-for-sale investment Baht'000	General investment Baht'000	Available-for-sale investment Baht'000	General investment Baht'000
Opening net book balance	181,628	16,781	330,741	16,781
Additions	4,200,000	2,500	-	-
Reclassify from trading securities (Note 9)	511,660	-	-	-
Reclassify from investment in subsidiary (Note 17)	-	10,192	-	-
Disposal	(4,369,746)	-	(143,802)	-
Amortisations of premium on investment	(768)	-	(881)	-
Change in fair value of available-for- sale securities	(1,670)	-	(4,430)	-
Closing net book balance	521,104	29,473	181,628	16,781

	Separate financial statements			
	2019		2018	
	Available-for-sale investment Baht'000	General investment Baht'000	Available-for-sale investment Baht'000	General investment Baht'000
Opening net book balance	-	-	-	-
Additions	3,300,000	2,500	-	-
Reclassify from trading securities (Note 9)	306,236	-	-	-
Disposal	(3,250,610)	-	-	-
Change in fair value of available-for- sale securities	85	-	-	-
Closing net book balance	355,711	2,500	-	-

## 17 Investments in subsidiaries

The detail of investments in subsidiaries as at the statement of financial position date is as below:

Company name	Nature of business	Country of incorporation	Proportion of ordinary shares directly held by parent (%)		Proportion of ordinary shares held by the Group (%)		Proportion of shares held by non-controlling interests (%)	
			2019 %	2018 %	2019 %	2018 %	2019 %	2018 %
Subsidiaries								
Fast Money Co., Ltd.	Hire-purchase and loan	Thailand	99.99	99.99	99.99	99.99	0.01	0.01
SWP Asset Management Co., Ltd.	Asset management	Thailand	94.99	94.99	94.99	94.99	5.01	5.01
Srisawad International Holding Co., Ltd.	Investment in other companies	Thailand	99.67	99.67	99.67	99.67	0.33	0.33
Srisawad Power 2014 Co., Ltd.	Hire-purchase, loan and debt collection service	Thailand	99.99	99.99	99.99	99.99	0.01	0.01
Srisawad Finance PCL	Finance business	Thailand	82.04	45.34	82.04	45.34	17.96	54.66
P Lending Company Limited	Launch a loan providing platform	Thailand	74.99	74.99	74.99	74.99	25.01	25.01
Subsidiaries indirectly under Srisawad International Holding Co., Ltd.								
Srisawad Vietnam LLC	Credit sale	Vietnam	10.00	100.00	9.97	99.67	90.03	0.33
SWP Services Co., Ltd.	Management and consulting services	Thailand	99.99	74.99	99.66	74.74	0.34	25.26
Srisawad Leasing Lao Co., Ltd.	Hire-purchase and loan	Lao PDR	90.00	90.00	89.70	89.70	10.30	10.30

The movements of the investments in subsidiaries for the years ended 31 December 2019 and 2018 are as follows:

	Separate financial statements	
	2019 Baht'000	2018 Baht'000
Opening balance	3,921,497	2,949,532
Addition of investment in subsidiaries	6,356,383	971,965
Closing balance	10,277,880	3,921,497

### 17.1 Transactions incurred during 2019

#### Investments in subsidiaries

##### Srisawad Finance Public Company Limited

During the year, The Company exercised its right to purchase 329,750,012 newly issued ordinary shares of Srisawad Finance Public Company Limited (BFIT). The shares included the subscription shares and excess shares. The par value was 5 baht per share. This changed the Company's investment proportion from 45.34% to 77.95%.

After the Company paid for additional ordinary shares of BFIT, the Company has to proceed tender offer all securities of BFIT, which is completed in 26 July 2019. The purchase 22,521,157 shares from shareholders changed the Company's investment proportion from 77.95% to 82.04%.

Due to the increase in ownership interest of BFIT, the Company received increased equity interest of Baht 6,013 million based on its new investment proportion of 82.04%. Meanwhile, the Company paid a total of Baht 6,340 million for the additional ordinary shares and tender offer proceeded at 18 baht per share. The Company recorded a discount from changes in the ownership interests in a subsidiary of Baht 327 million, resulting from the change in the Company's shareholding proportion in its subsidiary.

Investments in subsidiaries which held by Srisawad International Holding Company Limited

##### SWP Services Co., Ltd

On 30 May 2019, Srisawad International Holding Company Limited, a subsidiary of the Company, invested in 750,000 ordinary shares of SWP Services Company Limited at 100 baht per share. This changed its investment proportion from 74.99% to 99.99%.

**17 Investments in subsidiaries (Cont'd)**

**17.1 Transactions incurred during 2019 (Cont'd)**

Investments in subsidiaries which held by Srisawad International Holding Company Limited (Cont'd)

Srisawad Vietnam Liability Limited Company

On 31 December 2019, Srisawad International Holding Company Limited, a subsidiary of the Company, sold 90.00 percentage of investing in ordinary shares of Srisawad Vietnam Liability Limited Company of Srisawad Vietnam Liability Limited or Baht 91.73 million. This changed its investment proportion from 100.00% to 10.00% and reclassification from investment in subsidiaries to general investment total of Baht 10.19 million. This caused gain on sale and reclassification of investment Baht 35.45 million.

**17.2 Transactions incurred during 2018**

Investments in subsidiaries

Srisawad International Holding Company Limited

On 15 March 2018, The Board of Directors Meeting of the Company no.3/2018 approved purchase in ordinary shares of Srisawad International Holding Co., Ltd. for 2,900,000 shares at par Baht 100 each, with the total of Baht 290 million. The Company already paid this purchase in ordinary shares.

SWP Asset Management Company Limited

On 24 April 2018, the Board of Directors Meeting of the Company no.4/2018 approved purchase in ordinary shares of SWP Asset Management Company limited for 49,996 shares at par Baht 100 each, with the total of Baht 4.99 million. The Company already paid this purchase in ordinary shares.

Srisawad Finance Public Company Limited (Formerly named "Bangkok First Investment & Trust PCL.")

During the year, the Company received stock dividends from Srisawad Finance Public Company Limited for 3,816,282 shares at par Baht 5 each.

On 26 June 2018, the Board of Directors Meeting of the Company no.6/2018 approved purchase in ordinary shares of Srisawad Finance PCL. ("BFIT") for 19,825,276 shares, with the total of Baht 591.39 million. As a result, the proportion of investment has been changed from 36.35% to 45.34%.

Fast Money Company limited

On 17 September 2018, The Board of Directors Meeting of Company no. 9/2018 approved increase in registered capital of Fast Money Company limited by issuing 1,000,000 ordinary shares at par Baht 100 each of which the company invested in 1,000,000 ordinary shares, with the total of Baht 100 million. The Company already paid this purchase in ordinary shares.

P Lending Company Limited

On 12 December 2018, The Board of Directors Meeting of Company no. 12/2018 approved incorporation of P Lending Company Limited to launch a loan providing platform by issuing 50,000 ordinary shares at Baht 100 per share of which Srisawad corporation company limited invested in 37,498 ordinary shares, which represented 74.99% of total share capital.

Investments in subsidiaries which held by Srisawad International Holding Company Limited

Srisawad Vietnam Liability Limited Company

On 27 March 2018 and 19 December 2018, Srisawad International Holding Co., Ltd., a subsidiary, paid-up additional capital injection on investment in Srisawad Vietnam Liability Limited Company with the total of Baht 20 million and Baht 28.14 million, respectively.

**17 Investments in subsidiaries (Cont'd)**

**17.2 Transactions incurred during 2018 (Cont'd)**

**SWP Services Company Limited**

On 15 May 2018, The Board of Directors Meeting of Company no. 5/2018 approved increase in registered capital of SWP Services Company Limited by issuing 2,850,000 ordinary shares at par Baht 100 each of which Srisawad International Holding Co., Ltd., a subsidiary, invested in 2,100,000 ordinary shares, with the total of Baht 210 million. As a result, the proportion of investment has been changed from 99.99% to 74.99%.

**United Coastal Company Limited**

On 10 June 2018, the Extraordinary General Meeting of company no. 1/2018, the Shareholders approved unanimously to dissolve the Company. The dissolution was registered on 10 July 2018 and the liquidation was registered on 24 September 2018 with the Ministry of Commerce.

**17.3 Non-controlling interests**

The total non-controlling interests as of 31 December 2019 is Baht 1,803.34 million (2018: Baht 1,765.34 million), of which Baht 1,787.73 million is for Srisawad Finance PCL. (2018: Baht 1,674.61 million). The remaining non-controlling interests are considered immaterial to the Group's equity.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for subsidiary are before inter-company eliminations.

**Summarised statement of financial position**

	<b>Srisawad Finance Public Company Limited</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Assets	20,699,198	19,677,409
Liabilities	(11,416,928)	(17,160,253)
Net assets	9,282,270	2,517,156
Non - controlling interests	1,787,734	1,674,608

**Summarised statement of comprehensive income**

	<b>Srisawad Finance Public Company Limited</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Revenue	2,943,498	1,965,712
Profit or loss	810,859	377,375
Other comprehensive income	785	(3,544)
Total comprehensive income	811,644	373,831
Profit allocated to non-controlling interests	172,633	224,078
Dividends paid to non-controlling interests	-	37,429

17 Investments in subsidiaries (Cont'd)

17.3 Non-controlling interests (Cont'd)

Summarised statement of cash flows

	Srisawad Finance Public Company Limited	
	2019 Baht'000	2018 Baht'000
Net cash generated from (used in) operating activities	264,911	(5,595,398)
Net cash generated from (used in) investing activities	7,640	8,378
Net cash generated from (used in) financing activities	(546,530)	5,993,697
Net increase (decrease) in cash and cash equivalents, net	(273,979)	406,677
Cash and cash equivalents at beginning of the year	1,153,711	747,034
Cash and cash equivalents at end of the year	879,732	1,153,711

18 Loans receivable from purchase of loans, net

As at 31 December 2019 and 2018, the Group had outstanding loans receivable from purchase of loans from a subsidiary as follows:

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Loans receivable from purchase of loans	3,004,433	3,188,783
<u>Less</u> Allowance for impairment	(3,506)	(4,409)
Loans receivable from purchase of loans, net	3,000,927	3,184,374

The movement of loans receivable from purchase of loans for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Loans receivable from purchase of loans at beginning	3,188,783	2,742,052
Additions	21,000	1,048,584
Amortisation from collection	(205,350)	(601,853)
Loans receivable from purchase of loans at ending	3,004,433	3,188,783
<u>Less</u> Allowance for impairment	(3,506)	(4,409)
Loans receivable from purchase of loans, net	3,000,927	3,184,374



19 Property, plant and equipment, net

Consolidated financial statements						
	Land	Building and building improvement	Furniture and fixture	Equipment	Vehicles	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 1 January 2018</b>						
Cost	3,903	307,224	188,010	177,658	330,529	1,007,324
<u>Less</u> Accumulated depreciation	-	(137,712)	(114,177)	(104,820)	(160,018)	(516,727)
Closing net book value	3,903	169,512	73,833	72,838	170,511	490,597
<b>For the year ended 31 December 2018</b>						
Opening net book value	3,903	169,512	73,833	72,838	170,511	490,597
Additions	-	268,259	39,833	19,201	23,297	350,590
Decommissioning cost	-	6,359	-	-	-	6,359
Disposals/ write off, net	-	(4,737)	-	-	(4,008)	(8,745)
Amortisation for decommission	-	(371)	-	-	-	(371)
Depreciation charge	-	(90,169)	(31,272)	(28,572)	(59,084)	(209,097)
Effects of changes in foreign exchange rates	-	(9)	(3)	(3)	(10)	(25)
Closing net book value	3,903	348,844	82,391	63,464	130,706	629,308
<b>At 31 December 2018</b>						
Cost	3,903	560,934	227,840	196,855	344,555	1,334,087
<u>Less</u> Accumulated depreciation	-	(212,090)	(145,449)	(133,391)	(213,849)	(704,779)
Closing net book value	3,903	348,844	82,391	63,464	130,706	629,308
<b>For the year ended 31 December 2019</b>						
Opening net book value	3,903	348,844	82,391	63,464	130,706	629,308
Additions	-	177,851	54,795	34,467	26,582	293,695
Decommissioning cost	-	558	-	-	-	558
Disposals/write off, net	-	(51,362)	(3)	(20)	(4,035)	(55,420)
Transfer out from investment reclassification	-	(1,308)	-	-	-	(1,308)
Amortisation for decommission	-	(367)	-	-	-	(367)
Depreciation charge	-	(109,354)	(34,087)	(27,692)	(54,946)	(226,079)
Effects of changes in foreign exchange rates	-	(102)	(11)	(10)	(4)	(127)
Closing net book value	3,903	364,760	103,085	70,209	98,303	640,260
<b>At 31 December 2019</b>						
Cost	3,903	672,334	270,081	217,640	357,260	1,521,218
<u>Less</u> Accumulated depreciation	-	(307,574)	(166,996)	(147,431)	(258,957)	(880,958)
Closing net book value	3,903	364,760	103,085	70,209	98,303	640,260

19 Property, plant and equipment, net (Cont'd)

	Separate financial statements				
	Land	Building, and building improvement	Furniture and fixture	Equipment	Vehicles
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>At 1 January 2018</b>					
Cost	-	-	-	-	-
<u>Less</u> Accumulated depreciation	-	-	-	-	-
Closing net book value	-	-	-	-	-
<b>For the year ended 31 December 2018</b>					
Opening net book value	-	-	-	-	-
Additions	-	-	-	-	-
Decommissioning cost	-	-	-	-	-
Disposals/ write off, net	-	-	-	-	-
Amortisation for decommission	-	-	-	-	-
Depreciation charge	-	-	-	-	-
Effects of changes in foreign exchange rates	-	-	-	-	-
Closing net book value	-	-	-	-	-
<b>At 31 December 2018</b>					
Cost	-	-	-	-	-
<u>Less</u> Accumulated depreciation	-	-	-	-	-
Closing net book value	-	-	-	-	-
<b>For the year ended 31 December 2019</b>					
Opening net book value	-	-	-	-	-
Additions	-	17,403	-	6	-
Decommissioning cost	-	472	-	-	-
Disposals/ write off, net	-	-	-	-	-
Amortisation for decommission	-	(27)	-	-	-
Depreciation charge	-	(866)	-	(1)	-
Effects of changes in foreign exchange rates	-	-	-	-	-
Closing net book value	-	16,982	-	5	-
<b>At 31 December 2019</b>					
Cost	-	17,875	-	6	-
<u>Less</u> Accumulated depreciation	-	(893)	-	(1)	-
Closing net book value	-	16,982	-	5	-

## 20 Intangible assets, net

As at 31 December 2019 and 2018, the Group and the Company's net intangible assets are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Finance license	554,000	554,000	-	-
Computer software	14,105	14,241	749	1,030
<b>Total intangible assets, net</b>	<b>568,105</b>	<b>568,241</b>	<b>749</b>	<b>1,030</b>

The Group performs on impairment test on the finance licenase annually. The recoverable amount of a finance license is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

The key assumptions used for value-in-use calculations are as follows:

	<b>Finance license</b>
the growth rate of the loan portfolio	3 %
interest cost rate	2.4 %
fee income rate	1.3 %
the discount rate calculated from the cost of equity	12.66 %

Based on the annual impairment assessment, the management concluded that thre was no impairment of the finance license as at 31 December 2019 (2018: nil)

The movement of computer software for the year ended 31 December 2018 is as follows:

	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	<b>Computer software Baht'000</b>	<b>Work in process Baht'000</b>	<b>Total Baht'000</b>	<b>Computer software Baht'000</b>	<b>Work in process Baht'000</b>	<b>Total Baht'000</b>
<b>At January 2018</b>						
Cost	26,915	-	26,915	1,405	-	1,405
<u>Less</u> Accumulated amortisation	(17,509)	-	(17,509)	(94)	-	(94)
Closing net book value	<u>9,406</u>	<u>-</u>	<u>9,406</u>	<u>1,311</u>	<u>-</u>	<u>1,311</u>
<b>For the year ended 31 December 2018</b>						
Opening net book value	9,406	-	9,406	1,311	-	1,311
Additions	2,917	5,663	8,580	-	-	-
Amortisation charge	(3,745)	-	(3,745)	(281)	-	(281)
Closing net book value	<u>8,578</u>	<u>5,663</u>	<u>14,241</u>	<u>1030</u>	<u>-</u>	<u>1,030</u>
<b>At 31 December 2018</b>						
Cost	29,832	5,663	35,495	1,405	-	1,405
<u>Less</u> Accumulated Amortisation	(21,254)	-	(21,254)	(375)	-	(375)
Closing net book value	<u>8,578</u>	<u>5,663</u>	<u>14,241</u>	<u>1,030</u>	<u>-</u>	<u>1,030</u>

**20 Intangible assets, net (Cont'd)**

The movement of computer software for the year ended 31 December 2019 is as follows:

	Consolidated financial statements			Separate financial statements		
	Computer software	Work in process	Total	Computer software	Work in process	Total
	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000	Baht'000
<b>For the year ended 31 December 2019</b>						
Opening net book value	8,578	5,663	14,241	1,030	-	1,030
Additions	1,329	3,063	4,392	-	-	-
Amortisation charge	(3,497)	-	(3,497)	(281)	-	(281)
Disposal	-	(1,031)	(1,031)	-	-	-
Closing net book value	6,410	7,695	14,105	749	-	749
<b>At 31 December 2019</b>						
Cost	31,161	7,695	38,856	1,405	-	1,405
<u>Less</u> Accumulated amortisation	(24,751)	-	(24,751)	(656)	-	(656)
Closing net book value	6,410	7,695	14,105	749	-	749

**21 Deferred tax**

The analysis of deferred tax assets and deferred tax liabilities at 31 December 2019 and 2018 is as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
<b>Deferred tax assets:</b>				
Deferred tax asset to be recovered within 12 months	25,845	134,375	-	-
Deferred tax asset to be recovered after more than 12 months	63,099	47,735	2,006	1,853
	88,944	182,110	2,006	1,853
<b>Deferred tax liabilities:</b>				
Deferred tax liabilities to be settled within 12 months	(720)	(720)	-	-
Deferred tax liabilities to be settled after more than 12 months	(140,995)	(141,490)	(17)	-
	(141,715)	(142,210)	(17)	-
<b>Deferred tax, net</b>	(52,771)	39,900	1,989	1,853

21 Deferred tax (Cont'd)

The movements in deferred tax assets and deferred tax liabilities are as follows:

	Consolidated financial statements					
	Allowance for doubtful accounts Baht'000	Allowance for impairment Baht'000	Employee benefit obligations Baht'000	Prepaid expenses Baht'000	Decommission Cost Baht'000	Total Baht'000
<b>Deferred tax assets</b>						
At 1 January 2018	76,240	554	5,884	45,375	-	128,053
Charged (credited) to profit or loss	(22,567)	1,778	2,095	72,653	98	54,057
At 31 December 2018	53,673	2,332	7,979	118,028	98	182,110
<b>Deferred tax assets</b>						
At 1 January 2019	53,673	2,332	7,979	118,028	98	182,110
Charged (credited) to profit or loss	(7,535)	2,106	3,275	(89,059)	93	(91,120)
(Credited) to other comprehensive income	-	-	(2,046)	-	-	(2,046)
At 31 December 2019	46,138	4,438	9,208	28,969	191	88,944

	Consolidated financial statements			
	Allowance for doubtful accounts Baht'000	Unrealised gain on available-for-sale Baht'000	Revaluation Baht'000	Total Baht'000
<b>Deferred tax liabilities</b>				
At 1 January 2018	(5,908)	(1,473)	(136,000)	(143,381)
Charged to profit or loss	285	-	-	285
Charged to other comprehensive income	-	886	-	886
At 31 December 2018	(5,623)	(587)	(136,000)	(142,210)
At 1 January 2019	(5,623)	(587)	(136,000)	(142,210)
Charged to profit or loss	161	-	-	161
Charged to other comprehensive income	-	334	-	334
At 31 December 2019	(5,462)	(253)	(136,000)	(141,715)

**21 Deferred tax (Cont'd)**

The movement in deferred tax assets and deferred tax liabilities during the years are as follows: (Cont'd)

	Separate financial statements		
	Employee benefit obligations Baht'000	Decommission Cost Baht'000	Total Baht'000
<b>Deferred tax assets</b>			
At 1 January 2018	1,386	-	1,386
Charged to profit or loss	467	-	467
At 31 December 2018	1,853	-	1,853
At 1 January 2019	1,853	-	1,853
Charged to profit or loss	392	9	401
(Credited) to other comprehensive income	(248)	-	(248)
At 31 December 2019	1,997	9	2,006

	Separate financial statements	
	Unrealised gain on available-for-sale Baht'000	Total Baht'000
<b>Deferred tax liabilities</b>		
At 1 January 2018	-	-
Charged to other comprehensive income	-	-
At 31 December 2018	-	-
At 1 January 2019	-	-
(Credited) to other comprehensive income	(17)	(17)
At 31 December 2019	(17)	(17)

**22 Other non-current assets**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Rental deposits	51,789	60,347	3,287	3,287
Employee retention	43,706	48,398	-	-
Restricted cash	2,707	1,436	-	-
Other deposits	38,618	21,788	-	-
Total other non-current assets	136,820	131,969	3,287	3,287

## 23 Deposits and debt securities issued

As at 31 December 2019, the summaries of deposits and debt securities issued of a subsidiary from business acquisition are as follows:

### 23.1 Deposits

Classified by type of deposits

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
At call	94,698	404,425
At maturity	6,253,635	6,869,548
Total	6,348,333	7,273,973

Classified by currency and residence of customers

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Domestic Baht	6,348,276	7,273,916
Foreign Baht	57	57
Total	6,348,333	7,273,973

### 23.2 Debt securities issued

Classified by type of debt securities issued

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
At call	6,000	6,000
Total	6,000	6,000

Classified by currency and residence of customers

	Consolidated financial statements	
	2019 Baht'000	2018 Baht'000
Domestic Baht	6,000	6,000
Total	6,000	6,000

As at 31 December 2019, the Group have debt securities issued totaling Baht 6 million at 1.75% per annum (2018: Baht 6 million at 1.75% per annum).

**24 Borrowings from financial institutions**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
<b>Current</b>				
Bank Overdrafts	23,523	-	23,523	-
Short-term borrowings from financial institutions	1,880,000	4,050,000	1,880,000	3,050,000
Short-term borrowings from financial Institutions for purchase of loans	-	338,826	-	-
Current portion of long-term borrowings from financial institutions	1,937,407	2,703,889	1,247,129	330,556
Total current borrowings	3,840,930	7,092,715	3,150,652	3,380,556
<b>Non-current</b>				
Long-term borrowings from financial institutions	2,435,124	741,944	2,305,680	250,000
Total non-current borrowings	2,435,124	741,944	2,305,680	250,000
Total borrowings from financial institutions	6,276,054	7,834,659	5,456,332	3,630,556

24.1) The movements of short-term borrowings from financial institutions for the years ended 31 December 2019 and 2018 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Opening book balance	4,050,000	2,300,000	3,050,000	1,300,000
Additions of short-term borrowings	21,685,382	7,850,000	15,685,382	7,850,000
Repayments of short-term borrowings	(23,855,382)	(6,100,000)	(16,855,382)	(6,100,000)
Closing book balance	1,880,000	4,050,000	1,880,000	3,050,000

Short-term borrowings from financial institutions are charged interest rate of 1.80% - 2.45% per annum (2018: 2.10% - 2.65% per annum) and have been fully paid interest and principal at maturity date.

24.2) The movements of short-term borrowings from financial institutions for purchase of loans for the years ended 31 December 2019 and 2018 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Opening book balance	338,826	-	-	-
Additions of short-term borrowings	-	786,438	-	-
Repayments of short-term borrowings	(388,826)	(447,612)	-	-
Closing book balance	-	338,826	-	-

Short-term borrowings from financial institutions for purchase of loans is non-interest bearing promissory note (2018: non-interest bearing) and have been fully paid principal at maturity date.



**24 Borrowings from financial institutions (Cont'd)**

24.3) The movements of long-term borrowings from financial institutions which included current portion for the years ended 31 December 2019 and 2018 are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Opening book balance	3,445,833	4,119,444	580,556	350,000
Additions of borrowings	3,800,000	1,460,000	3,500,000	500,000
Repayments of borrowings	(2,873,302)	(2,133,611)	(527,747)	(269,444)
Closing book balance	<u>4,372,531</u>	<u>3,445,833</u>	<u>3,552,809</u>	<u>580,556</u>

Long-term borrowings from financial institutions are charged interest rate of 3.05% - 4.20% per annum (2018: 3.05% - 4.15% per annum) and have been paid interest and principal on monthly basis and at maturity date.

The Group and the Company have the following undrawn committed borrowing facilities amount of Baht 5,700 million (2018: Baht 3,500 million). These borrowing agreements require the Group and the Company to maintain debts to equity ratio by computing applies annual consolidated financial statements. The Group and the Company comply with the conditions.

As at 31 December 2019, the Company has entered into the interest rate swap contracts with decreasing notional feature from Baht 1,500 million. These contracts have floating interest rate converting to fixed interest rate which will be expired in 2022.

**25 Obligations under long-term lease liabilities**

	<b>Consolidated financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Current portion of obligations under long-term lease liabilities	15,071	29,166
Obligations under long-term lease liabilities	<u>6,766</u>	<u>19,280</u>
Total	<u>21,837</u>	<u>48,446</u>

Minimum lease payments of obligations under long-term lease liabilities are as follows:

	<b>Consolidated financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Within 1 year	15,613	30,614
Later than 1 year but not later than 5 years	6,936	19,852
<u>Less</u> Future finance charges on long-term leases agreements	<u>(712)</u>	<u>(2,020)</u>
Present value of liabilities under long-term lease agreements	<u>21,837</u>	<u>48,446</u>

**26 Other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
Other payables	236,392	321,980	1,430	2,135
Amounts due to related parties (Note 39 j)	746	863	21,855	27,145
Accrued expenses	238,839	260,015	10,276	10,869
Accrued interest expenses	94,289	80,974	55,872	51,814
Others	92,395	78,635	1	1
<b>Total</b>	<b>662,661</b>	<b>742,467</b>	<b>89,434</b>	<b>91,964</b>

**27 Senior debentures**

	<b>Consolidated and Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>
	<b>Baht'000</b>	<b>Baht'000</b>
Senior unsecured debentures		
- Expiring within one year	1,166,100	1,258,500
- Expiring more than one year	2,102,100	3,268,200
Senior secured debentures		
- Expiring within one year	1,225,000	-
- Expiring more than one year	6,727,091	4,411,383
<b>Total senior debentures</b>	<b>11,220,291</b>	<b>8,938,083</b>

The movements of senior secured and unsecured debentures which included current portion for the years ended 31 December 2019 and 2018 are as follows:

	<b>Consolidated and Separate financial statements</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Unsecured Baht'000</b>	<b>Secured Baht'000</b>	<b>Unsecured Baht'000</b>	<b>Secured Baht'000</b>
Opening balance	4,526,700	4,411,383	7,340,000	1,225,000
Additions				
Principal (net of debt issuance cost)	-	3,532,673	-	3,184,592
Repayments	(1,258,500)	-	(2,813,300)	-
Amortisation of debt issuance costs	-	8,035	-	1,791
<b>Closing balance</b>	<b>3,268,200</b>	<b>7,952,091</b>	<b>4,526,700</b>	<b>4,411,383</b>

Senior unsecured and secured debentures were charged interest rate of 3.60% - 4.40% per annum in accordance with condition of each debenture (2018: 2.80% - 4.75% per annum) and have been paid interest on a quarterly basis and paid principal at maturity date.

These debenture agreements require the Group and the Company to maintain debts to equity ratio by computing from annual consolidated financial statements. The Group and the Company could comply with the conditions.

28 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
<b>Statement of financial position</b>				
Pension benefits	46,154	40,009	9,982	9,265
<b>Loss charge included in operating profit</b>				
Pension benefits	16,377	11,353	1,957	2,334
<b>Remeasurement</b>				
Pension benefits	(10,232)	-	(1,240)	-

The amounts recognised in the statement of financial position are determined as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Present value of obligations	46,154	40,009	9,982	9,265
<b>Liability in the statement of financial position</b>	<b>46,154</b>	<b>40,009</b>	<b>9,982</b>	<b>9,265</b>

The movements in the employee benefit obligations over the years are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
As at 1 January	40,009	29,422	9,265	6,931
Current service costs	15,504	10,475	1,760	2,175
Interest costs	1,067	878	197	159
Transfer-in from business acquisition	-	-	-	-
Transfer out of obligations from business restructure	-	-	-	-
Benefit payment	-	(766)	-	-
Employee benefit adjustment	(194)	-	-	-
<b>Remeasurements:</b>				
Loss from change in demographic assumptions	879	-	1,083	-
(Gain) from change in financial assumptions	(6,650)	-	(747)	-
Experience (gain)	(4,461)	-	(1,576)	-
As at 31 December	<b>46,154</b>	<b>40,009</b>	<b>9,982</b>	<b>9,265</b>

Expense (revenue) for employee benefits were recognised in the statements of comprehensive income as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Current service costs	15,504	10,475	1,760	2,175
Interest costs	1,067	878	197	159
Remeasurement of employee benefit obligations	(10,232)	-	(1,240)	-
Employee benefit adjustment	(194)	-	-	-
	<b>6,145</b>	<b>11,353</b>	<b>717</b>	<b>2,334</b>

**28 Employee benefit obligations (Cont'd)**

The principal actuarial assumptions used were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Discount rate	1.32% - 2.13%	2.47% - 3.52%	1.32%	2.47%
Salary increase rate	5.00%	5.50%	5.00%	5.50%
Mortality rate	100.00%	100.00%	100.00%	100.00%
Turnover rate	2.00% - 22.00%	2.00% - 30.00%	2.00% - 22.00%	2.00% - 20.00%
Retirement age	60 years old	60 years old	60 years old	60 years old

**Sensitivity analysis**

	<b>Increase (decrease) in provisions for employment benefits</b>			
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Financial Assumptions</b>				
Discount rate				
Increase 1%	(12.92)	(11.52)	(4.83)	(5.48)
Decrease 1%	15.81	13.86	5.21	5.98
Salary increase rate				
Increase 1%	16.19	13.01	4.92	5.54
Decrease 1%	(11.69)	(11.10)	(4.67)	(5.20)
<b>Demographic Assumptions</b>				
Mortality rate				
Increase 1%	(0.50)	(0.81)	(0.09)	(1.38)
Decrease 1%	0.45	0.73	0.08	1.25
Turnover rate				
Increase 10%	(9.06)	(8.15)	(1.17)	(0.85)
Decrease 10%	10.97	9.97	1.29	0.90

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period).

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation are 8 - 22 years (2018: 8 - 23 years).

28 Employee benefit obligations (Cont'd)

Analysis of the maturity of the payment of retirement benefits with no discount is as follows:

		Consolidated financial statements				
		Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2019						
Pension benefits		252	4,210	15,065	358,973	378,500
Total employee benefit obligations		252	4,210	15,065	358,973	378,500
		Consolidated financial statements				
		Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2018						
Pension benefits		-	2,444	13,363	81,076	96,883
Total employee benefit obligations		-	2,444	13,363	81,076	96,883
		Separate financial statements				
		Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2019						
Pension benefits		-	1,702	12,000	5,098	18,800
Total employee benefit obligations		-	1,702	12,000	5,098	18,800
		Separate financial statements				
		Less than a year Baht'000	Between 1-3 years Baht'000	Between 3-5 years Baht'000	Over 5 years Baht'000	Total Baht'000
At 31 December 2018						
Pension benefits		-	1,694	10,431	8,672	20,797
Total employee benefit obligations		-	1,694	10,431	8,672	20,797

**29 Share capital and premium on share capital**

	Number of ordinary share Shares'000	Number of issued and paid-up shares Shares'000	Issued and paid-up ordinary shares Baht'000	Share premium Baht'000	Share premium from share-base payment Baht'000	Total Baht'000
Opening book balance as at 1 January 2019	1,249,710	1,147,772	1,147,772	1,424,760	36,190	2,608,722
Issuance of ordinary shares	124,951	68,001	68,001	3,030,310	-	3,098,311
Dividend stock	-	120,474	120,474	-	-	120,474
Closing book balance as at 31 December 2019	1,374,661	1,336,247	1,336,247	4,455,070	36,190	5,827,507
Opening book balance as at 1 January 2018	1,129,952	1,087,368	1,087,368	1,424,760	36,190	2,548,318
Issuance of ordinary shares	119,758	60,404	60,404	-	-	60,404
Closing book balance as at 31 December 2018	1,249,710	1,147,772	1,147,772	1,424,760	36,190	2,608,722

On 18 February 2019, the company allocated and sold ordinary share to a private placement 57,000,000 shares at premium value of 45 Baht per share totaling Baht 2,565 million which consisted of issued and paid-up shares Baht 57 million and share premium Baht 2,508 million. This changed investment proportion of this investor from 4.99% to 9.49%

On 24 April 2019, the Annual General Meeting of Shareholders for 2019 approved capital increase from Baht 1,249,710,379 to Baht 1,374,661,443 by issuing 124,951,064 ordinary shares with par value of Baht 1 per share and allocate shares as follows:

- Allocation of 120,477,158 shares at par value of Baht 1 per share to accommodate for the dividend payment for ordinary shares.
- Allocation of 4,473,906 shares at par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares of the Company 1 (SAWAD-W1).

On 29 November 2019, warrant holders who has right to exercise warrant conversion of 8,893,749 warrants, are entitled to convert the warrants they hold into ordinary shares, with the conversion ratio of 1:1.237 at exercise price of Baht 48.476 per ordinary share. This number of issued and paid-up shares increased by 11,001,563 shares (2018: No conversion of warrant).

On 24 April 2018, the Annual General Meeting of Shareholders for 2018 approved the following:

1. Approved capital decrease from Baht 1,129,951,865 to Baht 1,129,950,908 by decreasing 957 ordinary shares with par value of Baht 1 per share which remains from stock dividend allocation.
2. Approved capital increase from Baht 1,129,950,908 to Baht 1,192,717,081 by issuing 62,766,173 ordinary shares with par value of Baht 1 per share and allocate shares as follows:
  - Allocation of 60,409,383 shares at par value of Baht 1 per share to accommodate for the dividend payment for ordinary shares.
  - Allocation of 2,356,790 shares at par value of Baht 1 per share to accommodate the exercise of warrants to purchase ordinary shares of the Company no.1 (SAWAD-W1).

On 16 November 2018, the Extraordinary General Meeting of Shareholders 2/2018 approved the following:

1. Approved capital decrease from Baht 1,192,717,081 to Baht 1,192,710,379 by decreasing 6,702 ordinary shares with par value of Baht 1 per share which remains from stock dividend allocation.
2. Approved capital increase from Baht 1,192,710,379 to Baht 1,249,710,379 by issuing 57,000,000 ordinary shares with par value of Baht 1 per share.

### 30 Dividend

On 24 April 2019, the Annual General Meeting of Shareholders for the year 2019 approved dividend payment for the year 2018 to the shareholders amounting to Baht 134.9 million. The dividend payment will be paid in cash and ordinary shares on the following basis:

1. Payment of cash dividend at the rate of Baht 0.012 per share amounting to Baht 14,457,260.
2. Payment of ordinary shares dividend of 120,477,158 shares at par value of Baht 1 per share to the shareholders at the rate of 10 shares per 1 ordinary share dividend totaling Baht 120,477,158 a dividend of Baht 0.10 per share. In the case of fractional shares, payment will be paid in cash instead of ordinary share dividend at the rate of Baht 0.10 per share.

The Company paid dividend to the existing shareholders on 22 May 2019 for 120,474,100 shares at par value of Baht 1 per share.

On 24 April 2018, the Annual General Meeting of Shareholders for the year 2019 approved dividend payment for the year 2017 to the shareholders amounting to Baht 68.50 million. The dividend payment will be paid in cash and ordinary shares on the following basis:

1. Payment of cash dividend at the rate of Baht 0.007 per share amounting to Baht 7,611,583.
2. Payment of ordinary shares dividend of 60,409,383 shares at par value of Baht 1 per share to the shareholders at the rate of 18 ordinary shares per 1 ordinary share dividend totaling Baht 60,409,383 a dividend of Baht 0.056 per share. In the case of a fraction of shares, the Company will pay cash dividend instead of stock dividend payment at the rate of Baht 0.056 per share which the fraction is 6,702 shares.

The Company paid dividend to the existing shareholders on 21 May 2018 for 60,402,681 shares at par value of Baht 1 per share.

### 31 Legal reserve

	<b>Consolidated and Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
At 1 January	124,971	112,995
Appropriation during the year	5,087	11,976
At 31 December	<u>130,058</u>	<u>124,971</u>

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

### 32 Other income

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Fee income	1,935,880	1,752,191	-	-
Gain on sales of properties foreclosed	-	52,897	-	-
Gain from loans receivable from purchase of loans	25,248	131,492	-	-
Others	590,108	145,863	8,296	3,470
Total other income	<u>2,551,236</u>	<u>2,082,443</u>	<u>8,296</u>	<u>3,470</u>

**33 Expenses by nature**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Marketing expenses	53,752	45,700	397	643
Marketing incentives	123,168	133,751	54	222
Advisory and professional fee	39,308	29,313	7,361	8,365
Personnel expenses	1,784,858	1,531,460	39,580	50,034
Depreciation and amortisation expenses	230,413	213,579	1,174	281
Rental and servicing expenses	528,330	424,349	3,475	8,128
Specific business tax and other taxes	262,945	199,161	9	9
Utilities expenses	139,161	125,866	558	468
Fuel expenses	36,852	41,826	23	3
Impairment loss of properties foreclosed	10,529	8,887	-	-
Foreclosing expenses	13,251	12,127	-	-
Other administrative expenses	309,291	280,157	23,722	24,520
Total expense	3,531,858	3,046,176	76,353	92,673

**34 Income tax expense**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Current Tax:				
Current tax on profits for the year	982,140	779,326	25,828	41,864
Adjustment in respect of prior year	287	-	-	-
Total current tax	982,427	779,326	25,828	41,864
Deferred tax: (Note 21)	-	-	-	-
Increase) in deferred tax assets	(29,995)	(54,057)	(401)	(467)
(Decrease) in deferred tax liabilities	(161)	(285)	-	-
Total deferred tax	(30,156)	(54,342)	(401)	(467)
Total income tax expense	952,271	724,984	25,427	41,397

The tax on the Group's on profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the company as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Profit before tax	4,881,018	3,725,874	127,176	381,082
Tax calculated at a tax rate of 20% (2018: 20%)	976,204	745,175	25,435	76,216
Tax effect of:				
Expenses not deductible for tax purpose	6,688	3,692	-	13
Income not subject to tax	(554)	(474)	-	(34,823)
Additional deductible expenses	(36,177)	(27,466)	(8)	-
Tax losses for which no deferred income tax asset was recognised	5,823	4,057	-	(9)
Adjustment in respect of prior year	287	-	-	-
Tax charge:	952,271	724,984	25,427	41,397



### **35 Earnings per share**

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net profit attributable to ordinary shareholders of the Company (Thousand Baht)	3,756,487	2,768,360	101,749	339,685
Weighted average number of ordinary shares outstanding (Thousand Shares)	1,319,026	1,262,546	1,319,026	1,262,546
Basic earnings per share (Baht per share)	2.85	2.19	0.08	0.27

During the year 2019 and 2018, the Company issued dilutive ordinary share, but they did not give rise to dilutive EPS.

### **36 Financial instruments**

Financial instruments are any contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Foreign exchange risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Vietnamese Dong (VND) and Lao Kip (LAK). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has investments in Vietnam and Lao PDR, whose net assets are exposed to currency translation risk. However, the Vietnamese Dong and Lao Kip have low risk arising from the future commercial transactions.

#### **Interest rate risk**

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major financial assets and liabilities which bear market interest rate and fixed interest rate that potentially subject the Group to the change of interest rate risk.

#### **Credit risk**

Financial assets that potentially subject the Group to credit risk consist principally of hire-purchase receivables, loans receivable, personal loans receivable and loans to customers and loans to customers and accrued interest receivable.

Management manages the risk by adopting appropriate credit control policies and procedures and therefore, the Group does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of hire-purchase receivables, loans receivable, personal loans receivable and loans to customers and accrued interest receivable as stated in the statement of financial position.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash timely, or because of its failure to procure enough funds.

Management is responsible for liquidity management, including procurement of both short-term and long-term sources of funds.

36 Financial instruments (Cont'd)

Interest rate risk

	Consolidated financial statements						
	2019						
	Earlier of remaining maturity date or contractual repricing					No interest rate	Total
Floating interest rate	At call	Less than year	1 - 5 years	Over 5 years	Million Baht	Million Baht	
Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<b>Financial assets</b>							
Cash and cash equivalents (Note 8)	587	-	1	-	-	1,061	1,649
Short-term investments, net (Note 9)	-	-	1	-	-	-	1
Hire-purchase receivables, net	-	-	656	224	-	-	880
Loans receivable and personal loans receivable, net	-	-	28,650	6,811	-	-	35,461
Loans to customers and accrued interest receivable, net	-	-	553	380	20	-	953
Short-term loans to financial institutions	-	-	670	-	-	-	670
Other receivables	-	-	-	-	-	83	83
Long-term investments, net (Note 16)	-	-	-	604	-	-	604
Loans receivable from purchase of loans, net	-	-	-	3,004	-	-	3,004
	<u>587</u>	<u>-</u>	<u>30,531</u>	<u>11,023</u>	<u>20</u>	<u>1,144</u>	<u>43,305</u>
<b>Financial liabilities</b>							
Deposits (Note 23.1)	-	95	6,253	-	-	-	6,348
Debt securities issued (Note 23.2)	-	6	-	-	-	-	6
Short-term borrowings from financial institutions (Note 24)	-	24	1,880	-	-	-	1,904
Long-term borrowings from financial institutions (Note 24.3)	-	-	1,937	2,436	-	-	4,373
Obligations under long-term lease liabilities (Note 25)	-	-	15	7	-	-	22
Senior debentures	-	-	2,391	8,852	-	-	11,243
	<u>-</u>	<u>125</u>	<u>12,476</u>	<u>11,295</u>	<u>-</u>	<u>-</u>	<u>23,896</u>

36 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Consolidated financial statements							
2018							
	Floating interest rate Million Baht	Earlier of remaining maturity date or contractual repricing			No interest rate Million Baht	Total Million Baht	
		At call Million Baht	Less than year Million Baht	1 - 5 years Million Baht			Over 5 years Million Baht
<b>Financial assets</b>							
Cash and cash equivalents (Note 8)	930	-	452	-	-	1,027	2,409
Short-term investments, net (Note 9)	-	-	1	-	-	511	512
Hire-purchase receivables, net	-	-	1,707	1,047	-	-	2,754
Loans receivable and personal loans receivable, net	-	-	21,959	4,720	-	-	26,679
Loans to customers and accrued interest receivable, net	-	-	601	511	22	-	1,134
Short-term loans to financial institutions	-	-	600	-	-	-	600
Other receivables	-	-	-	-	-	105	105
Long-term investments, net (Note 16)	-	-	-	251	-	-	251
Loans receivable from purchase of loans, net	-	-	-	3,189	-	-	3,189
	930	-	25,320	9,718	22	1,643	37,633
<b>Financial liabilities</b>							
Deposits (Note 23.1)	-	404	5,065	1,804	-	-	7,273
Debt securities issued (Note 23.2)	-	6	-	-	-	-	6
Short-term borrowings from financial institutions (Note 24)	-	-	4,050	-	-	-	4,050
Short-term borrowings from financial institutions for purchase of loans (Note 24.2)	-	-	339	-	-	-	339
Long-term borrowings from financial institutions (Note 24.3)	-	-	2,704	742	-	-	3,446
Obligations under long-term lease liabilities (Note 25)	-	-	29	19	-	-	48
Senior debentures	-	-	1,258	7,693	-	-	8,951
	-	410	13,445	10,258	-	-	24,113

36 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

		Separate financial statements					
		2019					
		Earlier of remaining maturity date or contractual repricing				No interest rate	Total
	Floating interest rate	At call	Less than 1 year	1 - 5 years	Over 5 years	rate	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>Financial assets</b>							
Cash and cash equivalents (Note 8)	39	-	-	-	-	51	90
Receivable from related party	-	-	-	-	-	-	-
from sales of loans receivable	-	-	2,725	85	-	-	2,810
Short-term loans to related parties	-	12,561	-	-	-	-	12,561
Long-term loans to related party	-	-	-	2,000	-	-	2,000
Other receivables	-	-	-	-	-	2	2
Long-term investments, net (Note 16)	-	-	-	358	-	-	358
	39	12,561	2,725	2,443	-	53	17,821
<b>Financial liabilities</b>							
Short-term borrowings from	-	-	-	-	-	-	-
financial institutions (Note 24)	-	24	1,880	-	-	-	1,904
Long-term borrowings from	-	-	-	-	-	-	-
financial institutions (Note 24.3)	-	-	1,247	2,306	-	-	3,553
Senior debentures	-	-	2,391	8,852	-	-	11,243
	-	24	5,518	11,158	-	-	16,700
		Separate financial statements					
		2018					
		Earlier of remaining maturity date or contractual repricing				No interest rate	Total
	Floating interest rate	At call	Less than 1 year	1 - 5 years	Over 5 years	rate	
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<b>Financial assets</b>							
Cash and cash equivalents (Note 8)	119	-	-	-	-	259	378
Short-term investments, net	-	-	-	-	-	306	306
Receivable from related party	-	-	-	-	-	-	-
from sales of loans receivable	-	-	245	2,865	-	-	3,110
Short-term loans to related parties	-	5,359	-	-	-	-	5,359
Long-term loans to related party	-	-	-	8,000	-	-	8,000
Other receivables	-	-	-	-	-	10	10
	119	5,359	245	10,865	-	575	17,163
<b>Financial liabilities</b>							
Short-term borrowings from	-	-	-	-	-	-	-
financial institutions (Note 24)	-	-	3,050	-	-	-	3,050
Long-term borrowings from	-	-	-	-	-	-	-
financial institutions (Note 24.3)	-	-	331	250	-	-	581
Senior debentures	-	-	1,258	7,693	-	-	8,951
	-	-	4,639	7,943	-	-	12,582

36 Financial instruments (Cont'd)

Liquidity risk

	Consolidated financial statements				
	2019				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents (Note 8)	1,648	1	-	-	1,649
Short-term investments, net (Note 9)	-	1	-	-	1
Hire-purchase receivables, net	-	656	224	-	880
Loans receivable and personal loans receivable, net	-	28,650	6,811	-	35,461
Loans to customers and accrued interest receivable, net	-	556	400	-	956
Short-term loans to financial institutions	-	670	-	-	670
Other receivables	-	-	-	86	86
Long-term investments, net (Note 16)	-	-	604	-	604
Loans receivable from purchase of loans, net	-	-	3,004	-	3,004
	<u>1,648</u>	<u>30,534</u>	<u>11,043</u>	<u>86</u>	<u>43,311</u>
<b>Financial liabilities</b>					
Deposits (Note 23.1)	95	6,253	-	-	6,348
Debt securities issued (Note 23.2)	6	-	-	-	6
Short-term borrowings from financial institutions (Note 24)	24	1,880	-	-	1,904
Long-term borrowings from financial institutions (Note 24.3)	-	1,938	2,435	-	4,373
Obligations under long-term lease liabilities (Note 25)	-	15	7	-	22
Senior debentures	-	2,391	8,852	-	11,243
Other payables	2	89	3	-	94
	<u>127</u>	<u>12,566</u>	<u>11,297</u>	<u>-</u>	<u>23,990</u>

36 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Consolidated financial statements				
	2018				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents (Note 8)	1,957	452	-	-	2,409
Short-term investments, net (Note 9)	511	1	-	-	512
Hire-purchase receivables, net	-	1,707	1,047	-	2,754
Loans receivable and personal loans receivable, net	-	21,959	4,720	-	26,679
Loans to customers and accrued interest receivable, net	-	605	533	-	1,138
Short-term loans to financial institutions	-	600	-	-	600
Other receivables	-	-	-	108	108
Long-term investments, net (Note 16)	-	-	198	-	198
Loans receivable from purchase of loans, net	-	-	3,189	-	3,189
	<u>2,468</u>	<u>25,324</u>	<u>9,687</u>	<u>108</u>	<u>37,587</u>
<b>Financial liabilities</b>					
Deposits (Note 23.1)	404	5,065	1,804	-	7,273
Debt securities issued (Note 23.2)	6	-	-	-	6
Short-term borrowings from financial institutions (Note 24)	-	4,050	-	-	4,050
Short-term borrowings from financial institutions for purchase of loans (Note 24.2)	-	339	-	-	339
Long-term borrowings from financial institutions (Note 24.3)	-	2,704	742	-	3,446
Obligations under long-term lease liabilities (Note 25)	-	29	19	-	48
Senior debentures	-	1,258	7,693	-	8,951
Other payables	2	71	8	-	81
	<u>412</u>	<u>13,516</u>	<u>10,266</u>	<u>-</u>	<u>24,194</u>

36 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Separate financial statements				
	2019				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents (Note 8)	90	-	-	-	90
Receivables from related party for sales of loans receivable and accrued interest	-	2,730	85	-	2,815
Short-term loans to related parties and accrued interest, net	12,762	-	-	-	12,762
Long-term loans to related party	-	-	2,007	-	2,007
Other receivables	-	-	-	2	2
	<u>12,852</u>	<u>2,730</u>	<u>2,092</u>	<u>2</u>	<u>17,676</u>
<b>Financial liabilities</b>					
Short-term borrowings from financial institutions (Note 24)	24	1,880	-	-	1,904
Long-term borrowings from financial institutions (Note 24.3)	-	1,247	2,306	-	3,553
Senior debentures	-	2,391	8,852	-	11,243
Other payables	-	77	-	-	77
	<u>24</u>	<u>5,595</u>	<u>11,158</u>	<u>-</u>	<u>16,777</u>
	Separate financial statements				
	2018				
	At call Million Baht	Within 1 year Million Baht	1 - 5 years Million Baht	Unspecified Million Baht	Total Million Baht
<b>Financial assets</b>					
Cash and cash equivalents (Note 8)	378	-	-	-	378
Short-term investments, net (Note 9)	306	-	-	-	306
Receivables from related party for sales of loans receivable and accrued interest	-	245	2,865	-	3,110
Short-term loans to related parties and accrued interest, net	5,402	-	-	-	5,402
Long-term loans to related party	-	-	8,017	-	8,017
Other receivables	-	-	-	10	10
	<u>6,086</u>	<u>245</u>	<u>10,882</u>	<u>10</u>	<u>17,223</u>
<b>Financial liabilities</b>					
Short-term borrowings from financial institutions (Note 24)	-	3,050	-	-	3,050
Long-term borrowings from financial institutions (Note 24.3)	-	331	250	-	581
Senior debentures	-	1,258	7,693	-	8,951
Other payables	-	79	-	-	79
	<u>-</u>	<u>4,718</u>	<u>7,943</u>	<u>-</u>	<u>12,661</u>

### 37 Related party transactions

Enterprises and individuals that, directly or indirectly, through one more intermediaries, control, or are controlled by, or are under common control with the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company and subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and subsidiaries and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year, the Company had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. The relationship and significant transactions can be summarised as below:

	<b>Relationship</b>
Srisawad Finance PCL.	Subsidiary
Fast Money Co., Ltd.	Subsidiary
SWP Asset Management Co., Ltd.	Subsidiary
Srisawad International Holding Co., Ltd.	Subsidiary
P Lending Co., Ltd	Subsidiary
Srisawad Power 2014 Co., Ltd.	Subsidiary
Srisawad Leasing Lao Co., Ltd	Subsidiary (Held by Subsidiary)
Srisawad Vietnam LLC.	Subsidiary (Held by Subsidiary) (until 31 December 2019)
SWP Services Co., Ltd.	Subsidiary (Held by Subsidiary)
United Coastal Co., Ltd.	Related party (Held by Subsidiary)
	(Requesting the dissolution on 10 July 2018 and complete its process on 24 September 2018)
Srisawad Power Co., Ltd.	Related party (Having the common directors)
Srisamarn Condotel Co., Ltd.	Related party (Having the common directors)
Srisamarn Bangkok Co., Ltd	Related party (Having the common directors)
I.D. 2007 Co., Ltd.	Related party (Having the common directors)
Freewill Solutions Co., Ltd.	Related party (Having the common directors)

The transaction with its related parties can be summarised as below:

#### a) Interest income and finance costs

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
		<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>	<b>Baht'000</b>
	<b>Pricing policy</b>				
<b>Interest income</b>					
Subsidiaries	Agreed rate per contract	-	-	699,045	688,447
<b>Finance costs</b>					
Subsidiaries	Agreed rate per contract	-	-	5	4
<b>Interest expense</b>					
- deposit					
Other related parties (Having the common directors)	Agreed rate per contract	49,232	50,222	-	-
Directors and management	Agreed rate per contract	4,842	2,160	-	-



37 Related party transactions (Cont'd)

The transaction with its related parties can be summarised as below: (Cont'd)

b) Other income

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Pricing policy					
<b>Rental and service revenue</b>					
Subsidiaries	Agreed rate per contract	-	-	-	454

c) Expenses

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		Baht'000	Baht'000	Baht'000	Baht'000
Pricing policy					
<b>Rent</b>					
Other related parties (Having the common directors)	Agreed rate per contract	57,256	37,515	3,475	2,007
Directors	Agreed rate per contract	5,658	5,393	-	-
<b>Administrative expense</b>					
Other related parties (Having the common directors)	Agreed rate per contract	1,435	494	-	-

d) Key management and directors' compensation

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	Baht'000	Baht'000	Baht'000	Baht'000
Short-term employee benefits	79,900	69,931	26,264	24,551
Post-employment benefits	3,839	7,414	1,889	2,100
Total	83,739	77,345	28,153	26,651

**37 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

**e) Amount due from related parties**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries	-	-	368	8,861
Other related parties (Having the common directors)	41	216	-	-
Total (Note 14)	41	216	368	8,861

**f) Rent deposits**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Other related parties (Having the common directors)	4,047	4,047	287	287

**g) Receivable from related party from sales of loans receivable and accrued interest receivable**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries				
Receivables from related party from sales of loans receivable	-	-	2,810,205	3,110,205
Accrued interest receivable from sales of loans receivable	-	-	4,716	-
Total	-	-	2,814,921	3,110,205

**h) Short-term loans to related parties and accrued interest receivable**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries				
Short-term loans	-	-	12,561,000	5,358,967
Accrued interest receivable from short-term loans	-	-	200,955	42,856
Total	-	-	12,761,955	5,401,823

**37 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

**h) Short-term loans to related parties and accrued interest receivable (Cont'd)**

The movements of short-term loans to related parties for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries				
As at 1 January	-	-	5,401,823	2,682,322
Loans advanced during the year	-	-	9,290,000	4,205,000
Interest income during the year	-	-	344,747	171,006
Repayments received during the year	-	-	(2,087,967)	(1,519,574)
Interest received during the year	-	-	(186,648)	(136,931)
As at 31 December	-	-	12,761,955	5,401,823

Short-term loans to related parties are due at call. The loans bear interest of 2.00% - 4.50% per annum (2018: 2.30% - 4.50% per annum).

**i) Long-term loans to related party**

	Consolidated financial statements		Separate financial statements	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries				
Long-term loans	-	-	2,000,000	8,000,000
Accrued interest receivable from long-term loans	-	-	7,216	17,082
Total	-	-	2,007,216	8,017,082

The movement of long-term loans to related party for the years ended December 31, 2019 and 2018 are as follows:

	Consolidated financial statement		Separate financial statement	
	2019 Baht'000	2018 Baht'000	2019 Baht'000	2018 Baht'000
Subsidiaries				
As at 1 January	-	-	8,017,082	2,520,237
Loans advanced during the year	-	-	-	5,500,000
Repayment during the year	-	-	(6,000,000)	-
Interest income during the year	-	-	222,829	294,380
Interest received during the year	-	-	(232,695)	(297,535)
As at 31 December	-	-	2,007,216	8,017,082

Long-term loans to related party is matured within 3 - 4 years. The loans bear interest of 4.50% - 5.25% per annum (2018: 4.75% - 5.50% per annum).

**37 Related party transactions (Cont'd)**

The transaction with its related parties can be summarised as below: (Cont'd)

**j) Amounts due to related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Subsidiaries	-	-	21,855	27,145
Other related parties (Having common directors)	746	863	-	-
<b>Total (Note 26)</b>	<b>746</b>	<b>863</b>	<b>21,855</b>	<b>27,145</b>

**k) Deposits and accrued interest expense**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
<b>Deposits</b>				
Other related parties (Having the common directors)	2,450,154	2,594,419	-	-
Directors and management	147,500	148,001	-	-
<b>Total</b>	<b>2,597,654</b>	<b>2,742,420</b>	<b>-</b>	<b>-</b>
<b>Accrued interest expense</b>				
Other related parties (Having the common directors)	15,203	9,076	-	-
Directors and management	1,653	1,148	-	-
<b>Total</b>	<b>16,856</b>	<b>10,224</b>	<b>-</b>	<b>-</b>

**l) Guarantee**

As at 31 December 2019, the Company and subsidiary jointly guaranteed for joint credit facilities of another subsidiary of Baht 60 million (31 December 2018: 416 million). The Company also has guaranteed for promissory notes and long-term borrowings from financial institution of two subsidiaries totaling Baht 702.5 million (31 December 2018: Baht 1,402.5 million).

**J) Commitment**

The Group and the Company have entered into rental with I.D. 2007 Co., Ltd with common directors to a total amount of Baht 67.22 million and Baht 4.92 million. The maturity of rental agreements is in 2021.

**38 Commitments and contingent liabilities**

The Group and the Company have entered into several lease agreements in respect of the lease office building space. The terms of the agreements are generally between 1 and 4 years.

As at 31 December 2019 and 2018, future minimum lease payments required under these non-cancellable operating lease contracts for the Group and the Company were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>	<b>2019 Baht'000</b>	<b>2018 Baht'000</b>
Less than 1 year	485,067	352,921	3,475	3,440
Later than 1 year but not later than 5 years	469,145	338,671	1,448	4,873
<b>Total</b>	<b>954,212</b>	<b>691,592</b>	<b>4,923</b>	<b>8,313</b>

**39 Event after the statement of financial position date**

**Dividend payment**

At the meeting of the Company's Board of Directors No.2/2020 held on 25 February 2020, the Board of Directors approved dividend payment for the year 2020 to shareholders amounting to Baht 2,405.25 million. The dividend payment is made in form of cash at the rate of Baht 1.80 per share amounting to Baht 2,405,245,052 Baht.

However, it will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for fiscal year 2020.



#### **Attachment 1**

#### **Profiles of Directors, Management and Controlling Persons**



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
1. Mr.Sukont Kanjanahuttakit Chairman	73	<ul style="list-style-type: none"> <li>Master of Accounting Virginia Polytechnic and State University, U.S.A.</li> <li>Bachelor of Accounting Virginia Polytechnic and State University, U.S.A.</li> <li>Director Certification Program (DCP) 2007 – Thai Institution of Directors Association</li> <li>Audit Committee Program (ACP) 2010- Thai Institution of Directors Association</li> </ul>	-0-	None	<div>2012-Present     Director, Chairman                          Srisawad Corporation Plc.</div> <hr/> <div><u>Other Business</u></div> <div>2009-2017     Independent Director and Chairman of Audit                          Committee     <b>CIMB Thai Plc.</b> (Banking)</div> <div>2011-Present     Director in Governance Committee                          <b>Federation of Accounting</b></div> <div>2006-2015     Advisor to Management                          <b>Tricor Outsourcing (Thailand)</b> (Advisory)</div> <div>2013-2015     Independent Director                          <b>Thai Sri Insurance Plc.</b> (Insurance)</div> <div>2013-2017     Director of University council                          <b>Western University</b> (Education)</div> <div>2014-2019     Independent Director, Chairman of Audit                          Committee                          <b>World Corporation Plc.</b>                          (Invest in other business)</div> <div>2015-Present     Independent Director, Chairman                          <b>JAS Asset Pcl.</b> (Real Estate)</div> <div>2017-Present     Chairman                          <b>Srisawad Finance Plc.</b> (Finance Company)</div> <div>2019-Present     Director                          <b>PRTR Group Co., Ltd.</b> (HR Consultant)</div>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
2. Mr.Chatchai Kaewbootta Director <sup>/2</sup> Chairman of Executive Committee Chief Executive Officer Credit Committee Managing Director	68	<ul style="list-style-type: none"> <li>Bachelor of Business Administration Sukhothai Thammathirat University</li> <li>Director Accreditation Program (DAP) 2013 –Thai Institution of Directors Association</li> </ul>	9.42% <sup>/1</sup>	Father of Ms.Doungchai Kaewbootta and Ms.Thida Kaewbootta	2012-Present Director, Chairman of Executive Committee Chief Executive Officer, Managing Director <b>Srisawad Corporation Plc.</b> <hr/> <u>Other Business</u> 2004-Present Director <b>Srisamarn Bangkok</b> (Rent Property) 2009-Present Director <b>I.D. 2007 Ltd.</b> (Real Estate) 2008-Present Director <b>KBB Service</b> (Real Estate) 2014-Present Director <b>Srisawad International 2014</b> (Real Estate) 2014-Present Director <b>Big Minh 2014</b> (Real Estate) 2015-Present Director <b>Big Minh 2015</b> (Advertising) 2016-Present Director <b>SWP Services</b> (Advisory Service) 2017-Present Director <b>Srisawad Power 2014</b> (Debt Collection and Lending) 2018-Present Director <b>P Lending</b> (Platform for Lending Business)





Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years	
3. Miss Doungchai Kaewbootta Director <sup>2</sup> Executive Director Credit Committee	40	<ul style="list-style-type: none"> <li>Master of Computer Science De Paul University, U.S.A.</li> <li>Bachelor of Politics Kasetsart University</li> <li>Director Certification Program (DCP) 2010- Thai Institution of Directors Association</li> </ul>	7.26%	Daughter of Mr.Chatchai Kaewbootta, Older sister of Ms.Thida Kaewbootta	2012-Present	Director, Executive Director <b>Srisawad Corporation Plc.</b>
					<u>Other Business</u>	
					2011-Present	Director <b>Fast Money Ltd.</b> (Lending)
					2014-Present	Director <b>SWP Asset Management Ltd.</b> (Asset Management)
					2015-Present	Director <b>Srisawad International Holding</b> (Invest in other)
					2016-Present	Director <b>Srisawad Power 2014</b> (Debt Collection& Lending)
					2016-Present	Director <b>SWP Services Ltd.</b> (Advisory Service)
					2018-Present	Director <b>P Lending Ltd.</b> (Platform for lending business)
					2017-Present	Director <b>Srisawad Finance Plc.</b> (Finance Company)
					2017-Present	Director <b>Srisawad Leasing Laos Ltd.</b> (Lending)
					2010-Present	Director



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>I.D. Service 2007 Ltd. (Property Business) 2010-Present Director</p> <p>Anuchalee Ltd. (Real Estate) 2007-Present Director</p> <p>Srisawad International 2014 (Real Estate) 2011-Present Director</p> <p>Mee Baan Mee Rod Ngernsod Tanjai (Real Estate) 2007-Present Director</p> <p>Rojana Housing (Real Estate) 2007-Present Director</p> <p>Srisamarn Condotel (Rent Property) 2010-Present Director</p> <p>Srisawad Power (Lending) 2012-Present Director</p> <p>Srisawad Group (Lending) 2007-Present Director</p> <p>Big Minh 2015 (Advertising) 2012-Present Director</p> <p>KBB Service (Real Estate) 2010-Present Director</p> <p>Big Minh 2014 (Real Estate)</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					2007-Present Director <b>Srisamarn Petchaboon</b> (Real Estate) 2009-Present Director <b>I.D. 2007 Co., Ltd.</b> (Real Estate) 2018-Present Director <b>LKK Collection Co., Ltd.</b> (Service)
4. <b>Pol. Gen.Pharnu Kerdlarpphon</b> Independent Director Audit Committee Chairman of Nomination and Remuneration Committee	64	<ul style="list-style-type: none"> <li>• Master of Public Administration National Institute of Development Administration</li> <li>• Bachelor of Law Ramkhamheang University</li> <li>• Bachelor of Public Administration Police Academy</li> <li>• Director Accreditation Program (DAP) 2013 – Thai Institution of Directors Association</li> </ul>	-0-	-None-	2012-Present Director and Audit Committee <b>Srisawad Corporation Plc.</b> <hr/> <u>Other Business</u> 2013-2014 Director <b>Airport of Thailand Plc.</b> (Transportation) 2014-2015 Assistant Commission-General, <b>Royal Thai Police</b> 2012-2014 Commissioner, <b>Immigration Bureau</b> 2011-2014 Director <b>Bangkok Mass Transit Authority</b> (Transportation) 2011-2012 Commissioner, <b>Provincial Police Region 3</b> 2019-Present Director <b>Thai Jiaranai Group Co., Ltd.</b> (Jewelry)
5. <b>Mr.Weerachai Ngamdeevilaisak</b> Independent Director	57	<ul style="list-style-type: none"> <li>• Advanced Certificate Course in Public Administration and Law for Executives,</li> </ul>	-0-	-None-	2013-Present Director , Audit Committee Nomination and Remuneration Chairman of Risk Management Committee



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
Audit Committee Nomination and Remuneration Chairman of Risk Management Committee		King Prajadhipok's Institute • Mini MBA Thammasart University • Bachelor of Accounting Thammasart University • Director Certification Program (DCP) Train the trainer • Finance for Non-Finance Director (FN) 2003 • Role of the Compensation Committee Program 2007 • Successful Formulation & Execution of Strategy 2009 • Chartered Director Class 2014			<b>Srisawad Corporation Plc.</b>
					<u>Other Business</u> 2009-Present Independent Director, Nomination and Remuneration, Chairman of Risk Management Committee <b>Pruksa Holding Plc.</b> (Invest in other) 2004-2016 Director <b>Professional Outsourcing Solution</b> (Recruitment Service) 2004-2016 Director <b>Accounting and Business Advisory</b> (Accounting and Advisory) 2004-Present Director <b>Audit One</b> (Audit) 2014-Present Director, Chairman of Audit Committee <b>ALLA Plc.</b> (Manufacturing) 2016-Present Independent Director, Chairman of Audit Committee <b>Sin Munkong Insurance Pcl.</b> (Insurance) 2016-Present Director <b>Smile P Ltd.</b> (Recruitment service) 2017-Present Independent Director, Chairman of Audit Committee



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p><b>Autocorp Holding Plc.</b> (Invest in other)</p> <p>2017-Present Director</p> <p><b>W &amp; M Associate</b> (Invest in other)</p> <p>2018-Present Director</p> <p><b>Mongkol Phatavee Co., Ltd.</b> (Service)</p> <p>2018-Present Director</p> <p><b>F &amp; A Solutions Co., Ltd.</b> (Accounting Service)</p>
<p>6. <b>Mr.Vinai Vittavasgarnvej</b></p> <p>Independent Director</p> <p>Vice Chairman</p> <p>Chairman of Audit Committee</p>	68	<ul style="list-style-type: none"> <li>• Master of Politics Thammasart University</li> <li>• Bachelor of Accounting Thammasart University</li> <li>• Director Certification Program (DCP) 2006 – Thai Institution of Directors Association</li> <li>• Audit Committee Program (ACP) 2012- Thai Institution of Directors Association</li> </ul>	-0-	-None-	<p>2014-Present Independent Director/Vice Chairman Chairman of Audit Committee <b>Srisawad Corporation Plc.</b></p> <hr/> <p><u>Other Business</u></p> <p>2009-2011 President <b>Government Saving Bank</b> (Banking)</p> <p>2009-2012 Director Chairman <b>Dhipaya Insurance Plc.</b> (Insurance)</p> <p>2010-2011 Director-General <b>The Treasury Department</b></p> <p>2010-2011 Chairman <b>Dhanarak Asset Development</b> (Asset Development)</p> <p>2011-2012 Chairman of Executive Committee <b>Secondary Mortgage Corporation</b></p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>(Mortgage)</p> <p>2011-2015 Chairman Bangkok Dec-con Plc. (Furniture)</p> <p>2012-Present Chairman of Audit Committee Ekarat Engineering Plc. (Energy)</p> <p>2012-Present Chairman, Independent Director Sahamitr Pressure Container Plc. (Packaging)</p> <p>2016-Present Independent Director, Audit Committee Sin Munkong Insurance Pcl. (Insurance)</p> <p>2019-Present Independent Director, Audit Committee Charoen Pokphand Foods Plc. (Food)</p>
7. Mr. Sumate Maneewattana Independent Director	66	<ul style="list-style-type: none"> <li>Master of Business Administration National Institute of Development Administration</li> <li>Graduate Diploma in Public Law Chulalongkorn University</li> <li>Mini MBA – Thammasart University</li> <li>Bachelor of Law Ramkhamhaeng University</li> <li>Executive Program – Capital Market Academy</li> <li>Director Certification Program (DCP)</li> </ul>	-0-	-None-	<p>2015-Present Independent Director Srisawad Corporation Plc.</p> <hr/> <p><u>Other Business</u></p> <p>2014-Present Chairman Wang Kanai Credit Union (Co-operation)</p> <p>2014-Present Advisor to Chairman Wang Kanai Group. (Food)</p> <p>2013-2014 Restructuring Advisor Islamic Bank of Thailand (banking)</p> <p>2010-2012 Managing Director Bangkok Commercial Asset Management</p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
		2017 – Thai Institution of Directors Association			(Asset Management) 2018-Present Bargasse Dryer Technology (Thailand) Co., Ltd. (Manufacture)
8. Mr. Pinit Puapan Director	52	<ul style="list-style-type: none"> <li>Diploma Advanced Management Harvard Business School</li> <li>Master of Economics The London School of Economics and Political Science</li> <li>Bachelor of Economics and Politics Tufts University</li> <li>Director Accreditation Program (DAP) 2004 – Thai Institution of Directors Association</li> <li>Audit Committee Program (ACP) 2004 –</li> </ul>	-0-	-None-	2015-Present Director Srisawad Corporation Plc. <hr/> <u>Other Business</u> 2017-Present Director Srisawad Finance Plc. (Finance Company) 2015-2019 Director CAT Telecom (Communication) 2015-Present Independent Advisor Laos Electric Generators (Energy) 2014-Present Director Mali Group 1962 (Food)



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
		Thai Institution of Directors Association • Corporate Governance for Capital Market Intermediaries (CGI) 2015 – Thai Institution of Directors Association			2008-2013 Managing Director <b>KT Seamico</b> (Securities) 2007-2019 Executive Director <b>Seamico Securities</b> (Securities) 2007-Present Audit Committee <b>Charn Issara Development.</b> (Property) 2017-Present Director <b>Thai Airways Plc.</b> (Transportation) 2018-Present Director <b>Thai Milk Industry Co., Ltd.</b> (Food) 2018-Present Director <b>MG 1962 Warehouse &amp; Distribution Co., Ltd.</b> (Warehouse) 2018-Present Director <b>Ideas 1606 Co., Ltd.</b> (Service) 2018-Present Director <b>Veyla Chaam Residences Co., Ltd.</b> (Property) 2018-Present Director <b>Veyla Natai Residences (Villa) Co., Ltd.</b> (Property) 2018-Present Director <b>Talon Co., Ltd.</b> (Service)
9. Mr. Veera Veerakool	57	• PhD Engineering Management	0.01%	-None-	2017-Present Independent Director





Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
		University of Missouri-Rolla, USA • MSC Engineering Management University of Missouri-Rolla, USA • BSc (Hon) Computer Science University of Missouri-Rolla, USA • Director Certification Program (DCP) 2015 – Thai Institution if Directors Association			Srisawad Corporation Plc. <hr/> <u>Other Business</u> 2003-2004 Partner IBM Business Consulting Services Thailand. (Advisory Service) 2004-Present Chief Executive Officer Freewill Solution Co., Ltd. (Technology) 2018-Present Director Panthavanich Co., Ltd. (Technology) 2018-Present Director Prime Innopolis Co., Ltd. (Service) 2018-Present Director Freewill Mars Token Co., Ltd. (Trading) 2018-Present Director Freewill FX Co., Ltd. (Service) 2018-Present Director Ananda Technology Co., Ltd. (Service)
10. Mr. Tzung-Han Tsai Director		• Georgetown University Law Center, Law	-0-	-None-	2019-Present Director Srisawad Corporation Plc. <hr/> <u>Other Business</u> 2005-Present Director Cathay Life Insurance Co., Ltd. (Insurance) 2015-Present Director



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years	
					Conning Holding Limited (Asset Management)	
11. Miss Thida Kaewbootta Investor Relation	37	<ul style="list-style-type: none"> <li>Master of Business Administration Waseda University, Japan</li> <li>Bachelor of Accounting Thammasart University</li> <li>Director Accreditation Program (DAP) 2013 – Thai Institution of Directors Association</li> </ul>	30.03%	Daughter of Mr.Chatchai Kaewbootta  Younger sister of Ms.Doungchai Kaewbootta	2017-Present	Investor Relation <b>Srisawad Corporation Plc.</b>
					<u>Other Business</u>	
					2012-2017	Director <b>Srisawad Corporation Plc.</b> (Invest in other)
					2011-Present	Director <b>D.T.J Service</b> (Invest in other company)
					2010-Present	Director <b>Anuchalee</b> (Real Estate)
					2007-Present	Director <b>Srisamarn Condotel</b> (Rent Property)
					2007-Present	Director <b>Big Minh 2015</b> (Advertising)
					2014-Present	Director <b>SWP Asset Management</b> (Asset Management)
					2014-Present	Director <b>Srisawad International 2014</b> (Real Estate)
					2014-Present	Director <b>Big Minh 2014</b> (Real Estate)
					2015-Present	Director



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>S P Network Service (Service)</p> <p>2015-Present Director</p> <p>Srisawad International Holding (Invest in other)</p> <p>2016-Present Director</p> <p>Srisawad Power 2014 Ltd. (Debt Collection)</p> <p>2017-Present Director</p> <p>Srisawad Leasing Laos (Lending)</p> <p>2018-Present Director</p> <p>LKK Collection (Service)</p> <p>2009-Present Director</p> <p>I D 2007 (Real Estate)</p> <p>2016-Present Director</p> <p>Srisawad Minh Holding (Invest in other)</p> <p>2018-Present Director</p> <p>Supsombatmai (Real Estate)</p> <p>2019-Present Director</p> <p>2 Thi (Retail)</p> <p>2019-Present Director</p> <p>Super Minh (Real Estate)</p>
12. Mrs.Wanaporn Pornkitipong Executive Director Vice President – Account and	54	<ul style="list-style-type: none"> <li>Master of Business Administration Thammasart University</li> <li>Bachelor of Audit</li> </ul>	0.08%	-None-	<p>2009-Present Vice President – Account and Finance Dept. Srisawad Corporation Plc.</p> <hr/> <p><u>Other Business</u></p>



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
Finance The person taking the highest responsibility in finance and accounting		University of the Thai Chamber of Commerce • CFO's Orientation Course for new IPOs 2019			1996-2009 Assistant Managing Director <b>SCB Leasing Plc.</b> (Lending)
13. Mr.Prayong Saennual Director Credit Committee Vice President – Human Resources	53	• Bachelor of Politics Ramkhamheang University • Director Accreditation Program 2019	0.04%	-None-	2010-Present Director, Vice President – Human Resources <b>Srisawad Corporation Plc.</b>  <u>Other Business</u> 2007-2010 Human Resources Manager <b>Mahachai Hospital</b> (Hospital) 2004-2007 Recruitment Manager <b>Samart Corporation Plc.</b> (Communication) 2016-Present Director <b>Fast Money</b> (Lending) 2016-Present Director <b>SWP Asset Management</b> (Asset Management) 2016-Present Director <b>Srisawad Power 2014</b> (Lending) 2017-Present Director <b>Srisawad Finance Plc.</b> (Finance Company) 2018-Present Director <b>P Lending</b> (Platform for lending business)



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years	
14. Mr.Somyot Ngerndamrong Director <sup>2</sup> Credit Committee Vice President – Collection Dept.	53	<ul style="list-style-type: none"> <li>Bachelor of Economics Kasetsart University</li> <li>Director Accreditation Program (DAP) 2014- Thai Institution of Directors Association</li> </ul>	-0-	-None-	2013-Present	Director, Vice President – Collection Dept. Srisawad Corporation Plc.
					<u>Other Business</u>	
					2013	Advisor Fast Money (Lending)
					2008-2009	Vice President CFG Service (Lending)
					2005-2008	Vice President Srisawad International (Lending)
					2014-Present	Director Srisawad International 2014 (Real Estate)
					2015-Present	Director Srisawad International Holding (Invest in Other)
					2016-Present	Director SWP Services (Advisory service)
					2016-Present	Director Srisawad Power 2014 (Lending)
					2017-Present	Director Srisawad Leasing Laos (Lending)
					2017-Present	Director SWP Asset Management (Asset



Name/Position	Age (year)	Education/Training Courses	Shareholding	Relationship with other Director/Management	Work Experience within 5 years
					<p>Management)</p> <p>2018-Present     Director</p> <p>                         P Lending (Platform for lending business)</p>
15. Mrs.Chomchaba Sathapompong Company Secretary	58	<ul style="list-style-type: none"> <li>Bachelor of Accounting Thammasart University</li> <li>Director Accreditation Program (DAP) 2005- Thai Institution of Directors Association</li> <li>Company Secretary Program 2014</li> </ul>	0%	-None-	<p>2012-Present     Company Secretary                          Srisawad Corporation Plc.</p> <hr/> <p><u>Other Business</u></p> <p>2010-2011     Vice President – Office of Management                          Solution Corner (1998)                          (Information Technology)</p> <p>2009-2010     Assistant Managing Director                          Eastern Wire Plc. (Invest in other business )</p>

Note: <sup>/1</sup> including spouse holding

<sup>/2</sup> Authorized Director



**Srisawad Corporation Public Company Limited**

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**Attachment 2**

**Details of Directors, Management, and Controlling Persons in Subsidiaries and Related Parties**



Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Mr.Vinai Vittavasarnvej	Plo. Gen.Pharmu Kerdlarpphon	Mr.Weerachai Ngamdeevilaisak	Mr.Sumate Maneewattana	Mr. Tzung-Han Tsai	Mr. Pinit Puapan	Mr. Veera Veerakool	Mrs.Wanaporn Pornkitipong	Mr.Prayong Saennual	Mr.Somyot Ngemdarnong	Ms. Thida Kaewbootta
1. Srisawad Corporation Plc.	C	D,ED, CEO	D,ED	ID,AC	ID,AC	ID,AC	D,ID	D	D	ID	ED,M	D,ED, M	D,M	M
<b>Subsidiaries</b>													D	
2. SWP Asset Management			D											D
3. Fast Money			D											
4. Srisawad International Holding			D										D	D
5. Srisawad Vietnam LLC														
6. Srisawad Power 2014		D	D									D	D	D
7. Srisawad Finance Plc.	C		D					D	D			D		
8. SWP Services		D	D					D					D	
9. P Lending		D	D					D					D	
10. Srisawad Leasing Laos			D										D	D
<b>Related Parties</b>														
11. Srisamarn Bangkok		D												
12. I.D. 2007		D												
13. D.T.J. Service														D
14. I.D. Service 2007			D											
15. Anuchalee			D											D





Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Mr.Vinai Vittavasarnvej	Plo. Gen.Pharmu Kerdlarpphon	Mr.Weerachai Ngamdeeivilaisak	Mr.Sumate Maneewattana	Mr. Tzung-Han Tsai	Mr. Pinit Puapan	Mr. Veera Veerakool	Mrs.Wanaporn Pornkitipong	Mr.Prayong Saennual	Mr.Somyot Ngemdamong	Ms. Thida Kaewbootta
16. Srisawad International 2014		D	D										D	D
17. Mee Baan Mee Rod Ngernsodtanjai			D											
18. Rojana Housing			D											
19. Srisamarn Condotel			D											D
20. Srisawad Power			D											
21. Srisawad Group			D											
22. Big Minh 2015		D	D											D
23. KBB Service		D	D											
24. Big Minh 2014		D	D											D
25. Srisamarn Petchaboon		D	D											
26. JAS Assets Plc.	ID. C													
27. PRTR Group	D													
28. Pruksa Holding Plc.						ID,AC								
29. Sin Munkong Insurance				ID,AC		ID,AC								
30. Smile P						D								
31. Audit One						D								
32. ALLA Plc.						ID,AC								



Company	Mr.Sukont Kanjanahuttakit	Mr.Chatchai Kaewbootta	Ms.Doungchai Kaewbootta	Mr.Vinai Vittavasarnvej	Plo. Gen.Pharmu Kerdjarpphon	Mr.Weerachai Ngamdeevilaisak	Mr.Sumate Maneewattana	Mr. Tzung-Han Tsai	Mr. Pinit Puapan	Mr. Veera Veerakool	Mrs.Wanaporn Pornkitipong	Mr.Prayong Saennual	Mr.Somyot Ngemdarnong	Ms. Thida Kaewbootta
33. Autocorp Holding						ID,AC								
34. W & M Associate						D								
35. Ekarat Engineering Plc.				ID,AC										
36. Sahamitr Pressure Container Plc.				C										
37. Charoen Pokphand Foods				ID,AC										
38. Mali Group 1962									D					
39. Thai Milk Industry									D,ED					
40. Charn Issara Development									ID,AC					
41. Thai Airways Plc.									D					
42. Freewill Solution										MD				

Note: **C**- Chairman **D**-Director **ID**-Independent Director **AC**-Audit Committee **ED**-Executive Director **MD**-Managing Director **M**-Management



40<sup>th</sup>  
YEAR  
ANNIVERSARY

# ANNUAL REPORT 2019



SRISAWAD CORPORATION PUBLIC COMPANY LIMITED.