

Transforming assets, driving the Thai economy

ANNUAL REPORT 2019

Bangkok Commercial Asset Management Public Company Limited

Content

Vision and Mission	1
Financial Highlight	2
Message from Chairman	4
Message from President	8
Board of Directors	12
Management Team	14
Organization Chart	16
Business	
Policy and Overview of Business Operation	18
Nature of Business	30
Risk Factor	76
Assets Used In The Business Operation	92
Legal Disputes	105
General Information	106
Other Important Information	
Management and Corporate Governance	
Securities and Dividend Payment Policy	110
Management Structure	112
Corporate Governance	145
Internal Control and Risk Management	160
Related-party transactions	166
Financial Status and Performance	
Financial Information	180
Management Discussion and Analysis	192
Financial Statements	208
BAM Sustainable Development	303

Bami

VISION

To be the best asset management company of the country

MISSION

To develop products and services that fully meet customer needs

To perform excellent management and enhance sustainable growth

To encourage employees to become service oriented and develop their knowledge and abilities

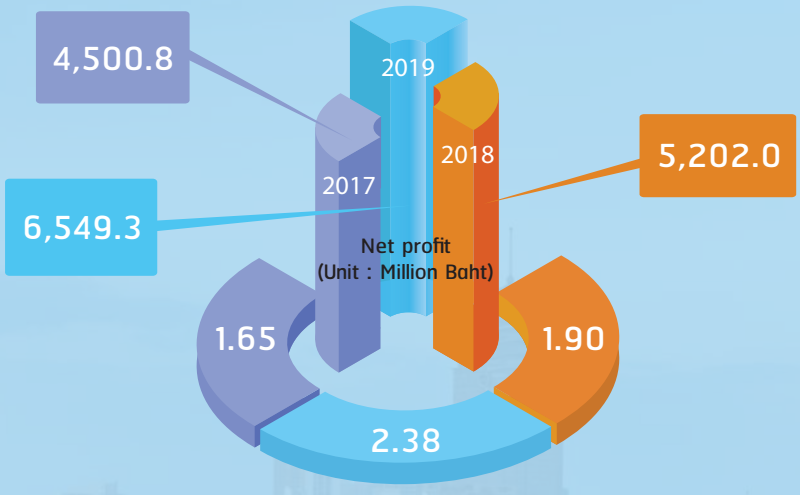
To create total satisfaction to all stakeholders

To adhere to good corporate governance standards

To participate in national economic and social development

Financial Highlight

Net profit and net earnings per share



net earnings per share
(Unit : Baht per share)

Total assets

(Unit : Million Baht)



Total liabilities

(Unit : Million Baht)



Total shareholder's equity

Total shareholder's equity
(Unit : Million Baht)



Total liabilities-to-equity ratio
(Unit : times)



Message from the Chairman

BAM develops and conducts its business operation while following the guideline of sustainable development, to maintain the Company's competitive capability and to become an instrument of business opportunity for all stakeholders. BAM's Master Plan of Sustainable Development covers all aspects of its business operation, whether in terms of the environment, society, and corporate governance. The Company's Corporate Social Responsibility emphasizes 3 aspects, namely, Good People, Good Product, and Good Society.

From the past to the present, Bangkok Commercial Asset Management Public Company Limited or BAM grows steadily and sustainably, with an efficient network and ever - improving performance. Even though during the past couple of years the country's economy has slowed down in general, whether by domestic or foreign factors. However, because BAM operates in an industry that is quite different from other industries, the Company is able to gain benefits during both the economic expansion and the economic downturn. During the economic expansion, our debtors will have the power to pay back their debts and our customers will have the power to buy non - performing assets (NPAs). The economic expansion, therefore, provides the opportunity to generate the revenue stream to the Company. On the other hand, the economic downturn provides the Company with the opportunity to buy non-performing loans (NPLs) and NPAs that financial institutions put on sales, at appropriate prices. Moreover, as BAM has 26 branch offices nationwide network, including headquarters in Bangkok ; the Company has NPAs in every region of the Country. With the Company's extensive experience, its teams of highly competent and motivated employees, its determination to expand the variety of its allies and capital sources that will further expand the Company's business base. BAM is able to grow steadily while being the biggest asset management company in the country, during the past 20 years.



2019 is another year of BAM that we all should be proud of, as BAM registered on the Stock Exchange of Thailand and initiated its initial public offerings (IPO), which were warmly accepted. On December 16, 2019, BAM's stocks were traded for the first time ever (First Trading Day) and this is another important development of BAM, which will further expand the Company's successful business operation in the future. BAM would like to use this occasion to express our gratitude and to thank the Securities and Exchange Commission and the Stock Exchange of Thailand, for their belief in BAM's potential. BAM would also like to thank all of our shareholders, for their confidence and investment in our shares. We will always follow our mission of becoming the best asset management company in the country, to help restore assets, and to drive the sustainable development and growth of Thailand's economy.

BAM develops and conducts its business operation while following the guideline of sustainable development, to maintain the Company's competitive capability and to become an instrument of business opportunity for all stakeholders. BAM's Master Plan of Sustainable Development covers all aspects of its business operation, whether in terms of the environment, society, and corporate governance. The Company's Corporate Social Responsibility emphasizes 3 aspects, namely, Good People, Good Product, and Good Society. The Company focuses on conducting its business operation toward the same orientation as the directions of its vision and strategies, good corporate governance, and concrete guidelines. The Company focuses on taking care of its employees, developing them into good people – based on the principle of honesty and integrity, adding more value to its business, and sustainably providing opportunities to the society and the community.

We are always determined to become the leading asset management company, the best of the best in the country, by engaging our business operation while considering the potential effects to all related parties. We are determined to have teams of professionals who are dedicated and ready to serve. We are determined to continue to do goods to the society, to our customers, to our shareholders, to our employees, and to our country.

BAM is determined to observe and to uphold the principle of business ethics and good corporate governance for registered companies. We believe that the principle of good corporate governance is an important factor for the Company to grow continuously, steadily, and sustainably. Therefore, the Company always prioritizes and determines to create a good management standard, to improve its credibility, and to bring benefits to all stakeholders. In 2018, BAM joined in the program, announced its intention to support, and was certified as a member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), which is created by the Thai Institute of Directors (IOD). From its genuine determination to effectively implement the policies and guidelines to its business operation, the Company was awarded the Certificate of Membership, as a member of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The Company's goals for 2020 are, including, renewing its membership with the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), expanding its alliance against corruption and misconduct against business partners, etc. Also, in this year 2019, BAM arranges the CG Day Program and promotes the anti-corruption guideline against the receiving and giving of gifts (No Gift Policy), in order to stimulate its executives and employees to recognize the importance of corporate governance. So they are ready, in every dimension, to answer customers' demands.

On behalf of the Company's Board of Directors, we would like to thank our shareholders, business partners, customers, and patrons, for their excellent support and their persistent confidence in BAM. We would like to thank the executives and employees of BAM, for they who play very important roles in driving BAM's success, with their determination, dedication, and collaboration to work to the fullest of their capability. As a result, our organization becomes a strong organization that is able to register on the Stock Exchange of Thailand. We would like to implore you, to maintain your confidence in the direction of the Company's business operation. We are always determined to become the leading asset management company, the best of the best in the country, by engaging our business operation while considering the potential effects to all related parties. We are determined to have teams of professionals who are dedicated and ready to serve. We are determined to continue to do goods to the society, to our customers, to our shareholders, to our employees, and to our country.



Mrs. Tongurai Limpiti
Chairman



Message from President

BAM is determined to take part in the development of the country's economy, to support the economic drive by implementing an excellent management system to manage its NPLs and NPAs. And by promoting good relationships with its customers, partners, and financial institutions, in order to create long-term return-on-investment to its shareholders.

In 2019, Bangkok Commercial Asset Management Public Company Limited or BAM reaches the 20th anniversary of its ongoing operation. 2019 was a year that we all should be proud of and it was stepping stone of success as the Company registered itself on the Stock Exchange of Thailand. This is an important step that alleviates the organization to the standard of registered companies and it is an important step that further improves BAM's potential to become the best asset management company, to steadily and sustainably grow, and to emphasize the Company's role as an important mechanism that securing and strengthening the country's economy.

In terms of the Company's performance in 2019, The Company's net profit is 6,549.30 million Baht, or an increase of 25.90 percent. Meanwhile, BAM continuously and successfully expands its business transactions, whereas the Company acquired non-performing loans (NPLs), for a total amount of the outstanding principal of 24,424.84 million Baht; and acquired NPAs for a total appraisal value of 1,057.04 million Baht from financial institutions.

BAM is determined to take part in the development of the country's economy, to support the economic drive by implementing an excellent management system to manage its NPLs and NPAs. And by promoting good relationships with its customers, partners, and financial institutions, in order to create long-term return-on-investment to its shareholders. BAM is ready to drive its organization toward the sustainability, through the 3 main strategies, namely, expanding BAM's property base, reducing the operation time, and increasing the speed of the Company's cash collection; as well as through other strategies, including developing its employees and specifying the succession plan, implementing novel technologies and innovations with the development of its operating systems, and providing of services to customers with the aim of maximizing their satisfaction.



BAM recognizes the importance of the principle of good corporate governance and corporate social responsibility - for core business processes and beyond. For its NPL-based customers, BAM has several projects that help those customers to easily reclaim their houses, for example, “Bam Chuai Lod Phue Plod Nee” (BAM, Reduce to release debts) and “Bam Chuai Phuen Khuen Turakij” (Bam, Revitalize your business). Moreover, the Company also provides other projects to customers who purchase its NPAs, in order to help customers with low income, who are unable to gain access to the source of credit. For example, a project of BAM for selling assets with installment payment service, under the name “Condo Don Jai Sabai Krapao” (Affordable - Pleasurable Condominium Sales Project); where customers may buy condominiums from BAM, with installment payment and without the need to pay the down payment, for any condominiums that cost less than 500,000 Baht. This is because one of the important policies BAM uses in the sales of its assets is giving people with low income the opportunity to have a house of their own easier.

Moreover, BAM has a guideline for the business operation that emphasizes the total balance in every dimension, whether the environment, society, and corporate governance. As the Company believes that for the Company to sustainably grow, it must not ignore its part in helping with the development and growth of the community and the society, so they may grow together. After all this time, BAM continuously engages in social activities across the nation. In terms of the environment, BAM creates a project called “Ban Suan Sook Jai” (A happy garden home project). This project presents the model household of energy-saving homes, with vegetable and herb garden around the house, for customers who purchase the Company’s assets to take as a prototype. The Company also continues “BAM Ruam Jai Prayad Chai Phalang Ngarn” (BAM helps preserve the energy), a project that promotes and cultivates the sense of energy-saving for its employees in head quarters and branch offices. This project causes BAM to win the Thailand Energy Award for Building Energy Control from the Department of Alternative Energy Development and Efficiency, Ministry of Energy, for 3 consecutive years.

The Company also arranges a project named "No Plastic Bag", which promotes its employees to recognize their duty to preserve and take care of the natural environment by reducing and stopping the use of plastic bags and plastic containers. Another environmental project of the Company is "Standing Timber Planting Project", where the Company invites people from all over the country to help plant 20,000 trees.

In terms of the society (social activities), BAM arranges projects that provide aids and supports to disadvantaged and distressed people in the society, for example, one of the projects where BAM recognizes the importance of the education, which is a fundamental element for the development of Thai children, is called "The 12th Scholarship Program." In this program, the Company provides 1,000 scholarships, for an amount of 3,000 Baht each, to elementary school students from all over the country; and provides 20 scholarships, for an amount of 10,000 Baht each, to students with higher education. Moreover, the Company creates a project that helps miserable and disadvantaged people in the society, through a television program known as "Term Fun Pan Namjai Kub Bam" (Reigniting your dream and sharing the kindness with BAM), for 12 consecutive years. The program aims to improve the people's spirit, to create job opportunity, and to show a good role model to the people of the society. Another project where BAM is determined to create good quality of life and promote good health for people in the community is known as "the ambulance and life - resuscitation equipment donation project"; which is expanded into "the medical equipment donation project", where the Company donates medical equipment to 17 hospitals around the country that are in need of that equipment, in order to improve the efficiency of their medical services and treatments. Moreover, for the Company's 20th Anniversary, BAM creates a project known as "Sue Sup Rub Boon Kub Bam" (Buy assets and get the good deeds with BAM), where BAM donates 15 million Baht of revenue of its sales from assets to 7 government hospitals around the country.

BAM conducts its business operation under the principle of good corporate governance, while upholding the principle of honesty, integrity, and equity. The Company transparently discloses its operational information, implements the anti-corruption policy, which is announced so employees of every level may acknowledge and observe in their operation. The Company specifies the appropriate operational procedures, cultivates the recognition of the importance of the principle of good corporate governance, in order to create more value to the organization and to prevent the potential risk of corruption that may occur in the future. This is because BAM believes that conducting its business operation with the responsibility for the environment, the society, and the good corporate governance (ESG) will become a factor that drives the Company to grow, on the path of strength and sustainability.

I do hereby warrant that BAM will still be determined to keep improving itself, to maintain and maximize the benefits of all stakeholders, to be ready to take part and contribute to the restoration of assets, and to ultimately drive the economy of Thailand. I wish to use this opportunity to thank all shareholders, directors, executives, and employees, who play the important roles and serve as the important force that drives the Company to success today and in the future.



Mr. Somporn Moonsrikaew
President

Board of Directors



1 Mrs. Tongurai Limpiti
Chairman

2 Mr. Bunyong Visatemongkolchai
Director

3 Mr. Vasant Thienhom
Director

4 Mr. Bundit Anantamongkol
Director

5 Mr. Yos Kimsawatde
Director



Note: Please see details of the directors in the Annual Report 2019, page 128-139



6 Mrs. Maneerat Srisaovajati
Director

7 Mr. Songpol Chevapanyaroj
Director

8 Miss Rasa Kanchanasai
Director

9 Miss Wilai Tantinantana
Director

10 Mr. Somporn Moonsrikaew
Director and President



Management Team



1 Mr. Somporn Moonsrikaew *
President

2 Mr. Phongsathon Maneepim *
Senior Executive Vice President

3 Mr. Somchai Tanurukpairoj *
Senior Executive Vice President

4 Mr. Choopong Phokhasawadi *
Senior Executive Vice President

5 Mr. Somboon Ruangsurakait *
Senior Executive Vice President

6 Mr. Suntis Wattanakul *
Senior Executive Vice President

7 Mr. Poolsak Chansuttikanok
Executive Vice President

8 Mr. Vibulporn Bhandhukravi
Executive Vice President



Note:
- * Management according to the definition of the SEC (KorJor. 17/2551) and one additional management according to the definition of the SEC Mrs. Wannee Phankawong
- Please see details of the management and person in charge in the Annual Report 2019, page 140-144



9 Dr. Wuthipan Tawantiang
Executive Vice President

10 Mrs. Wasana Chuenklinthoop
Executive Vice President

11 Mrs. Srisudaporn Khamekitsongsin
Executive Vice President

12 Mrs. Supanee Kitwithee
Executive Vice President

13 Mr. Thongchai Chailohakul
Executive Vice President

14 Miss Suchila Srinakkham
Executive Vice President

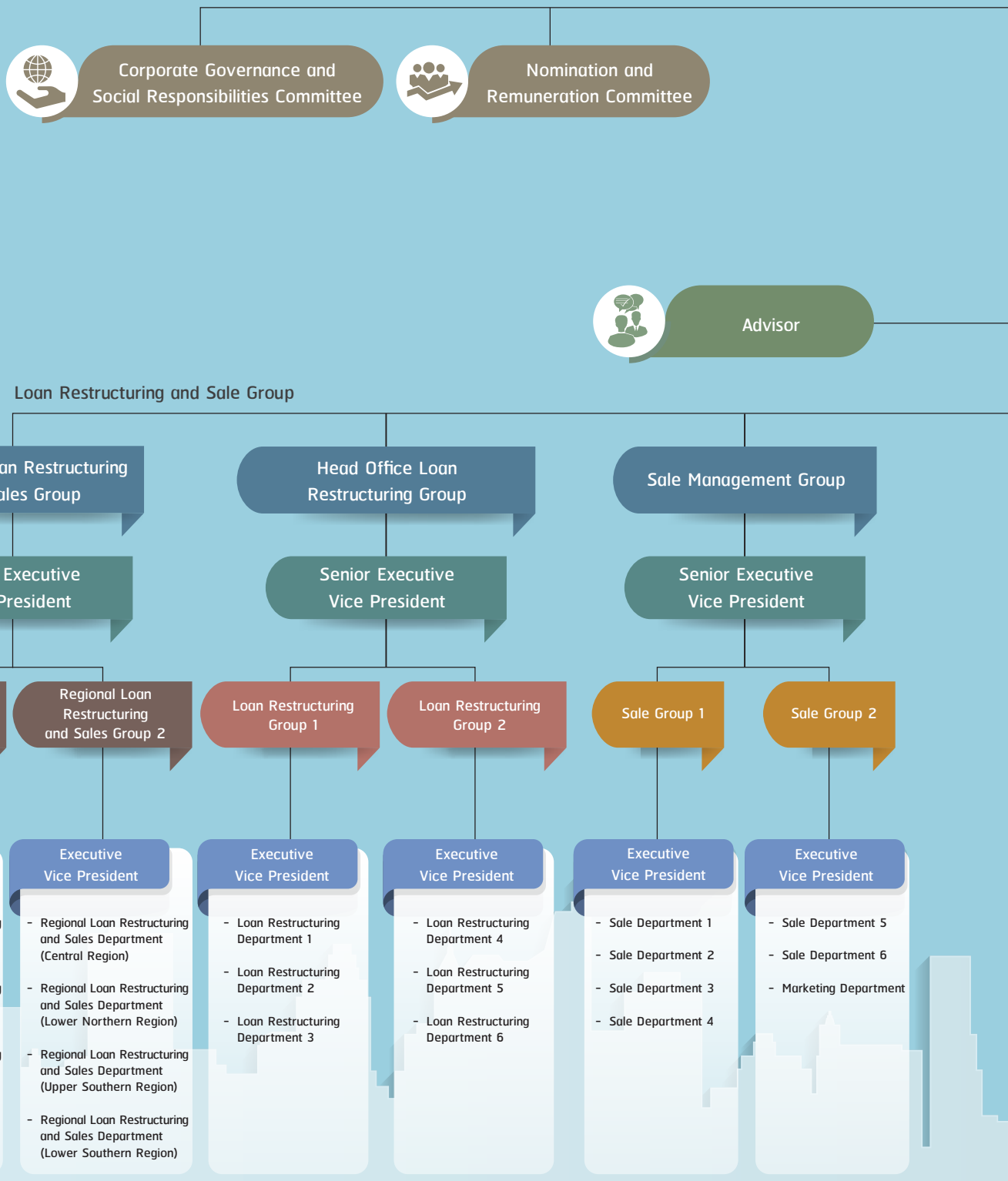
15 Mrs. Wipasiri Sangvacharakul
Executive Vice President

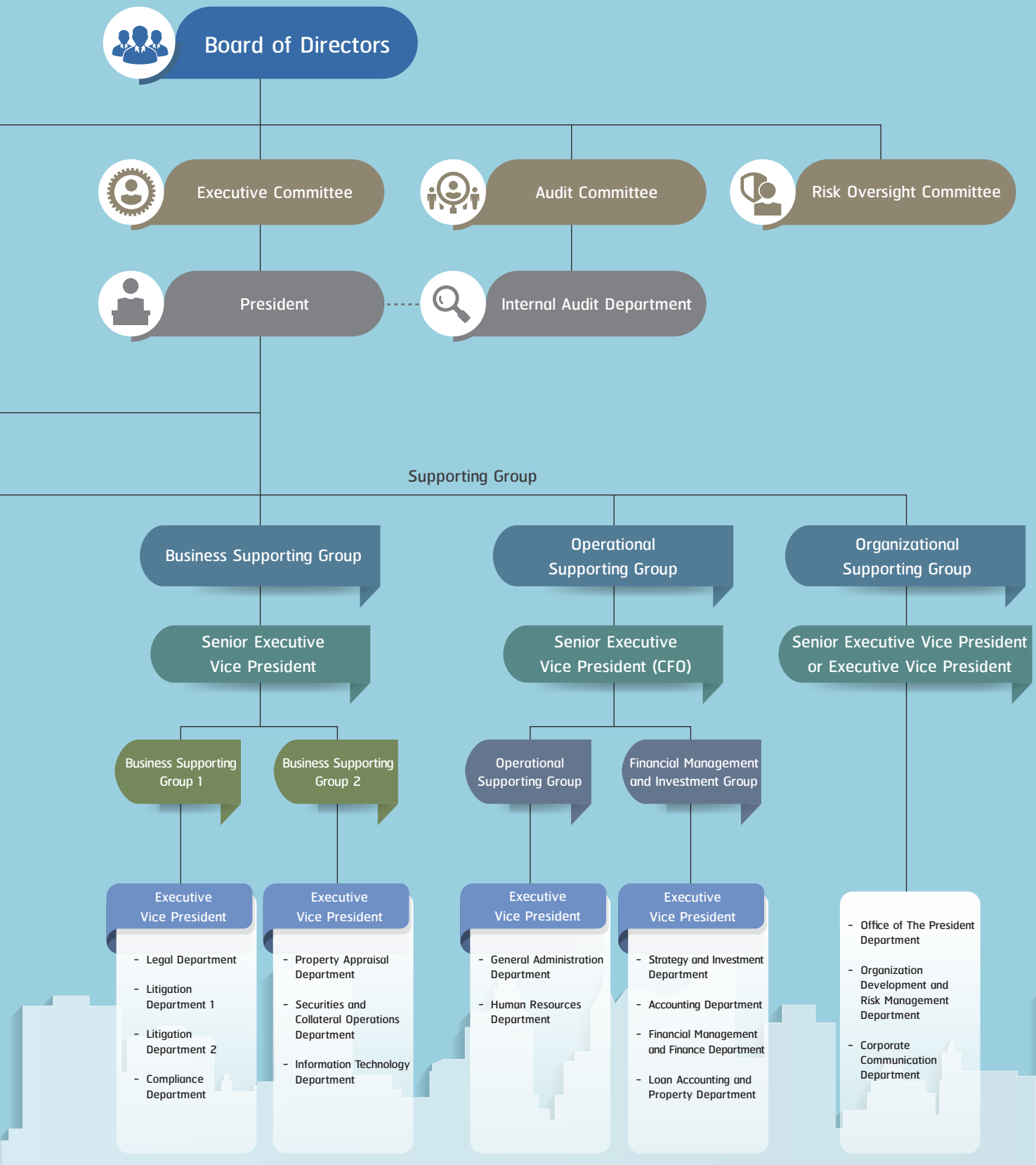
16 Mr. Chanwit Kaveesoonthornsanoh *
Executive Vice President



Organization Chart

Information as of March 1, 2020




Board of Directors
Executive Committee
Audit Committee
Risk Oversight Committee
President
Internal Audit Department
Supporting Group
Business Supporting Group
Operational Supporting Group
Organizational Supporting Group
Senior Executive Vice President
Senior Executive Vice President (CFO)
Senior Executive Vice President or Executive Vice President
Business Supporting Group 1
Business Supporting Group 2
Operational Supporting Group
Financial Management and Investment Group
Executive Vice President
- Legal Department
- Litigation Department 1
- Litigation Department 2
- Compliance Department
Executive Vice President
- Property Appraisal Department
- Securities and Collateral Operations Department
- Information Technology Department
Executive Vice President
- General Administration Department
- Human Resources Department
Executive Vice President
- Strategy and Investment Department
- Accounting Department
- Financial Management and Finance Department
- Loan Accounting and Property Department
- Office of The President Department
- Organization Development and Risk Management Department
- Corporate Communication Department



Policy and business operation overview

Goals and operational strategies

Vision, objectives, goals, or operational strategies of the Company

Vision

The vision that Bangkok Commercial Asset Management Public Company Limited ("the Company") has for its business operation is: "becoming the best asset management company in the country."

Missions

- Implement an excellent management system and growing the Company's continuously and sustainably
- Develop products and services that cover all customers' demands
- Maximize the satisfaction of all related parties.
- Observe the good corporate governance
- Improve the organization's employees to be knowledgeable and expert service providers who are willing and welcome to serve.
- Contribute to the development of Thailand's economy and society.

(a) Operational strategies

The Company determines to maintain its position as the largest asset management company of Thailand, by implementing an excellent management system and strengthening the relationship with its customers and with financial institutions that sell the Company those non-performing loans and non-performing assets (NPLs and NPAs), in order to produce a long-term return-on-investment to its shareholders.

(1) Expanding the Company's based assets

The Company creates a network for regular monitoring of the offers of assets from financial institutions of Thailand that sell NPLs and NPAs, in order to further expand the Company's based assets. In the long term, the Company aims to expand its based assets sustainability. Also, the growth of the Company's based assets depends on the market condition and the quantity and fitness of the price of assets on the market.

Normally, the Company believes that in the future, financial institutions will continuously sell their NPLs and NPAs to the market, as a result of various factors, including the regulation of Bank of Thailand ("BOT"), regarding the possession of non-performing assets by financial institutions. Moreover, during the economic slowdown, the Company will enjoy a richer opportunity to buy/acquire NPLs and NPAs.

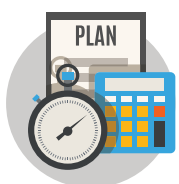
The Company believes that it will be able to continuously expand its based assets, as a result of the Company's extensive experience in the business of non-performance asset loan and asset management for many years and its strong relationship with customers.

Key Strategies



1. Expanding the Company's based assets

2. Reducing the operation time and increasing the cash collection





3. Employee training, organization performance improvement, and succession planning

(2) Reducing the operation time and increasing the cash collection

The Company determines to reduce the overall operation time, from the day the Company acquires NPLs to the day the Company collects the return-on-investment, in the form of cash, from those NPLs. The Company aims to do so through active NPLs management, such as negotiation with debtors and improving the efficiency of its internal operation, in order to reduce the time required for converting assets underlying NPLs into NPAs. And for this, the Company has a team with expertise in the judicial enforcement process in Thailand, in order to improve the overall efficiency and speed of its internal procedures with respect to the enforcement of collateral underlying our NPLs. These procedures are, including, monitoring the status of NPLs and preparing related documents for the judicial process.

Moreover, the Company initiates a project known as "Sukjai Dai Ban Khuen" (Pleased to have your home back), with the aim to give debtors, the opportunity to reclaim their homes housing collateral. For this project, the principal debt must be an amount of not more than Baht 10.0 million. Debtors have the choice of a one-time payment, within 90 days, or within 20 years, at the rate of 80 percent of the asset's price appraised under the Company's provision. The Company launched this project with the aim to increase its customers, for those debtors with NPLs will have the opportunity to enter into an agreement for debt restructuring or composition, specifically for the credit provided for home loans and/or personal loans, where debtors' homes are used as collaterals with the ultimate goal of increasing the uniformity of the Company's cash collection. Moreover, the Company continuously arranges other projects that aim to help its debtors, namely, "BAM Chuai Lod Phue Plod Nee" (BAM, Reduce to release debts), a project aims to give the opportunity to debtors that haven't been placed under the final receivership order, who don't have any other assets that can be used to resolve their unsecured loans, with the principal debt not exceeding Baht 3.0 million, the choice of one-time payment, within 90 days, at the rate of 10.0 percent of the outstanding principal; or to pay in installments, within a period of 3 years, at the rate of 15.0 percent of the outstanding principal, interest-free. Moreover, in 2018, the Company initiated a project: "BAM Chuai Phuen Khuen Turakij" (BAM, Revitalize your Business), a project aims to give an opportunity to the Company's debtors, whether those of natural persons or juristic persons, that haven't been placed under the final receivership order, who don't have any assets that can be used for the settlement, with the principal debt not exceeding Bath 20.0 million, the choice of one-time payment, within 90 days, or to pay in installments, at the rate of 80 percent of the appraised value of their collateral in accordance with the company criteria. These projects are also subjected to other terms and conditions specified by the Company.

Also, the Company determines to conduct its business operation, in a manner that allows it to collect the return-on-investment, in cash, from its NPAs as soon as possible, from the days the Company acquires those assets. And for this, the Company manages NPAs by using the appropriate marketing and promotional campaigns, in accordance with the type of the asset itself, in order to match the demand of the targeted customers. The Company also has specialized – dedicated teams of experts for the management of each type of assets. The Company also motivates its employees to accelerate NPAs sales through the key performance indicator ("KPI") The Company also arranges sales promotions across the country regularly, all year long, in order to promote its NPAs. For example, the Company creates the Display Farm Project, in order to demonstrate to its targeted customers how the Company uses NPAs to generate revenue with various methods. This effort also makes the assets more interesting. The Company creates and displays booths in real estate property-related exhibitions, in order to market its NPAs and to specify its targeted customers of NPAs. Moreover, for the case where it is necessary and worth the investment, the Company improves the general condition of NPAs, in order to create added-value to the assets and to allow the Company to sell those assets faster. The Company also believes that such actions also help reduce its cost of possession of those NPAs.

In the future, the Company will continue its marketing activities for its NPAs regularly, in order to promote its NPAs and to reduce the time for the selling of those NPAs. The Company also arranges special teams for the management of NPAs that are of high value or hard to sell.

Moreover, the Company also has a campaign that allow customers to purchase asset through installment payments, in order to provide an additional opportunity to customers that don't have any access to loans from financial institutions. For the case where the assets are being sold at the price not exceeding Bath 3.0 million, customers may use this service from the Company and pay the price in installment payments, for a total amount of not exceeding Baht 2.0 million. This service is also provided for some special cases, for example, for NPAs of high prices or for the case where original debtors want to buy back their NPAs.

(3) Employee training, organization performance improvement and succession planning

The Company gives its employees the opportunity to improve their skills and ability through many training courses, both internally held and externally provided, for example, the Company has a project for improving employees' ability where employees are required to assess themselves and identify the new skills they want to develop and the Company will provide the training course accordingly, in order to match the development with the specific need of each employee. All the training courses must be approved by the Human Resource Department.

The Company also provides a scholarship program for attending the master's degree program, at both domestic and foreign universities, for employees who have the required qualification. The Company also provides a scholarship program for outsiders to attend the master's degree program, at both domestic and foreign universities, with a condition that the graduates must come back and work for the Company, for twice as long as the period of their studies. This program allows the Company to maintain a high proportion of employees with the master's degree and allows the Company to maintain highly competent and skillful employees with the Company while these employees, in turn, are able to use their knowledge in their operation more efficiently.

Moreover, the Company also has a succession plan and employee development plan for its executives that will be retired in the future. The plan selects employees of the desired qualification, who are ready to move up and become executives, and improve their potential and develop additional skills and ability for these employees. The Company also circulates its employees to work in different positions and levels, in order to give them diverse experience in their career, with the aim to prepare them for taking up the responsibility as executives in the future.



(b) The Company's competitive edges

(1) The Company is the largest asset management company in Thailand and it has extensive experience in this industry

As of December 31, 2019, the Company is the largest asset management company of Thailand, considering its total assets. Also, according to BOT, the total assets of all the asset management companies combined are Baht 236,818 million. Meanwhile, the Company's total assets are Baht 115,790 million, which is accounted for 49 percent of the total assets of this industry. Therefore, the Company believes that with the value of its total assets and with its extensive experience in NPLs and NPAs management, the Company is ready to solve the problems of NPLs in Thailand. The Company is ready to provide asset management services and to satisfy all related parties, as best as possible. The Company believes that having a large amount of NPLs and NPAs, with a great level of diversity of those assets, allows the Company to gain revenue and cash flow from multiple channels.

(2) The Company has a network for asset acquisition and management that covers the entire country

The Company's head office is located in Bangkok and it has a nationwide network of 25 branch offices. Therefore, the Company is an asset management company with the largest network among distressed asset management companies in Thailand.

The Company believes our nationwide presence will allow the Company to: (a) monitor and manage NPLs and NPAs more efficiently; and (b) evaluate the assets' price during the NPLs and NPAs acquisition process more accurately.

Such a network allows the Company to better access and to serve its customers. Also, having branch offices in many regions allows its employees to understand the unique characteristics of the local market. This insight will be beneficial to the Company when it evaluates the right time and price for acquiring NPLs and NPAs. Moreover, the Company has the ability to adjust itself with the market condition appropriately, as it will be able to change the location of its branch offices and adjust its geographical-based strategies accordingly. The company is also able to transfer its skilled and knowledgeable employees and resources to any areas, in order to deal with the number of transactions of those areas.

The Company gains several benefits from having such a flexible structure and the Company believes that it will be able to create itself the business opportunity under any condition, especially during the expansion phase; where the Company expects that its debtors will have a better ability to pay back their debts. This will, in turn, allow the Company to generate better cash flow from its NPLs and allow the Company to have the budget for purchasing more NPLs and NPAs, at the appropriate times and prices. Moreover, the Company will also be able to sell those assets at better prices during such times as well.

On the contrary, during the economic downturn, most financial institutions will have more NPLs. This will, in turn, increase the supply of NPLs and, therefore, give the Company an opportunity to purchase NPLs and NPAs through the bidding process of debtors' assets; at the price that will probably give a better return-on-investment back to the Company.

(3) The Company performs excellently in acquiring, managing, and creating cash flow from, NPLS and NPAs

The Company has extensive experience of working in NPLs and NPAs management business of Thailand for over 20 years. It has many advantages in acquiring NPLs and NPAs at the appropriate price and in managing, and creating the cash flow from, NPLs and NPAs efficiently.

3.1 Acquiring NPLs and NPAs at the appropriate price

The Company believes that. With its network that covers the entire country, its teams of experts in real estate properties, and with its knowledge and understanding of collaterals underlying NPLs and NPAs, the Company will have the advantage over its competitor

during the process of acquiring, evaluating, and determining the price for those assets. Moreover, as the Company has a head office and 25 branch offices across the country, the Company is able to send its survey teams to assess the collateral underlying of NPLs and NPAs that it is going to buy. And this allows the Company to determine the assets' price more accurately. And of this, as of December 31, 2019, the Company has over 350 employees that work in the NPLs acquisition-related functions, position around the country.

3.2 Its extensive experience allows the Company to manage, and to create the cash flow from, NPLs and NPAs efficiently

The Company believes that it has the ability to manage NPLs and NPAs, in order to maintain or to generate the cash flow out of those assets, using its profound knowledge and ability to analyze the market's demands, with its extensive experience of working in the NPLs and NPAs management for over 20 years. And with its network for assets acquisition and management that covers the entire country, the Company believes that it has the competitive edges over its competitors, whether those asset management companies that work directly with NPLs; or those commercial banks that have internal NPLs and NPAs management departments but not the NPLs and NPAs management as an integral part of their main objectives.

In general, in order to manage those NPLs, the Company focuses on negotiating the debt restructuring with its debtors, in order to reach the agreement that can be of highest satisfaction to every party, as best as possible. With its experience and the asset database, the Company is able to restructure the debts of NPLs efficiently, whereas the Company will consider the appropriate option for arranging the debt restructuring to individual debtors, depending on their repayment ability. Meanwhile, the Company is able to manage all the related risks simultaneously. The company also has a team with expertise in the judicial enforcement process in Thailand, in order to improve the efficiency and the speed of all the related internal processes, with respect to the enforcement of collateral underlying our NPLs. Moreover, the Company also believes that it has the ability to adjust and improve the value of NPAs, as the Company has teams of experts in NPLs, including those experts who have profound knowledge and understanding of the market's demands for various types of real estate property.

The Company's network that covers the entire country allows the Company to send its teams to assess NPAs regularly, in order to make sure that those assets receive the appropriate maintenance and are in a good condition, ready for sales. The company also uses its advantage of specialized expertise it has for each region to negotiate the most appropriate outcome with its customers; whereas, as of December 31, 2019, the Company has over 220 employees, who specifically work in the asset management-related functions, around the country.

The Company believes that its asset management strategy that emphasizes asset category-based management, instead of asset location-based management, will allow the Company to better determine its targeted customers and to sell its NPLs at the appropriate price faster.

Moreover, as the Company has branch offices all over the country, it has the knowledge and experience of unique real estate property markets of different regions that allow the Company to sell its NPAs more efficiently. The Company also collaborates with other financial institutions, in the consideration of credit for buyers of the Company's NPAs. This will increase the rate of the Company's cash collection and sales of NPAs.

(4) The Company has strong risk management ability

The Company has a strong ability to manage the risk, which is the main component of the Company's business operation. The Company focuses on taking the precaution and protective measure against any uncertainties that may occur and affect its success, whether in terms of achieving its goals and objectives, whether at the corporate level of the activity-specific level. The Company cultivates risk management as a part of its business operation.

The Company reviews, improves, and develops its risk management system continuously, in accordance with its risk management policy, which is specified by the Company's Board of Directors. Moreover, the risk management system also plays an important role in the determination and reviewing of the Company's risk management policy appropriately, as per the characteristics of its business operation that covers all the related important risks of the Company. As well as for determining the risk management policy and the organizational risk monitoring policy.

The Company recognizes that risk management is highly important for its business operation. Therefore, the Company specifies the efficient risk management regulation that is appropriate to the characteristics of its business operation. And for this, the Company must study, evaluate, monitor, and manage those risks systemically and continuously, in order to allow its executives to truly understand related risks of the Company's and its business operation, as well as to manage those risks under the scope specified by the Company.

(5) The Company has diverse and sustainable capital sources for expanding its business

The Company maintains credit limits for taking out loans from over 11 domestic financial institutions. The Company believes that maintaining the credit limit with multiple financial institutions allows the Company in its negotiation of financial-related terms and conditions; and that it gives the Company the power to bargain with those financial institutions. Previously, the Company has never failed to make the payment of its debt and never received the notice of violation of agreements from any financial institutions. Therefore, the Company believes that it is highly credible and that it has a good relationship with financial institutions.

Moreover, the Company also has diverse sources of capital, including the issuance of short-term and long-term promissory notes, short-term and long-term credit loans from financial institutions, the issuance of debentures, and the cash flow from its business operation.

(6) Directors and top executives who have extensive experience and renowned – widely accepted performance

The Company's directors and top executives have extensive experience working in the financial industry, with an average of 25 years of working. These employees had the experience of working for many major organizations in the country, for example, the Bank of Thailand, commercial banks, and other financial institutions, etc. With their experience, these directors and top executives understand and are highly experienced in the credit granting process, starting from the consideration of the credit request, credit management process, to the process of selling NPLs and NPAs, thoroughly.

Moreover, the Company's top executives are well known within the financial industry of Thailand. Many of these executives also have experience working in the real estate property market. These factors allow the Company's top executives to be able to create a relationship with other leaders in the financial industry and real estate property industry from all over the country; as well as giving them the necessary experience for negotiating and creating a network with related organizations.

Meanwhile, the Company has the policy to develop and prepare the new generation of top executives continuously, in order to prepare them to work in the position of top executives in the future, and in order to sustainably support the Company's growth.

History and Major Development

Our Key milestones can be summarized, as follows.

Month/year	Key milestone
August 1998	The Cabinet approved the financial institution recovery plan proposed by the Ministry of Finance, for the purpose of non-performance loan management. This plan included the approval of financial institutions and other persons to establish an asset management company.
January 1999	• The Company registered as a limited company, whereas Bangkok Bank of Commerce Public Company Limited ("BBC") served as the major shareholder, with the shareholding of 99.9 percent. • The Company was approved to register as an asset management company, under the Emergency Decree on Asset Management Company B.E. 2541 (1998) ("AMC Decree"); with the total paid-up capital of Baht 54,700.0 million, which was comprised of 547.0 million shares, at the par value of 100.0 Baht per share.
November 1999	The Company restructured and reduced its paid-up registered capital, by reducing the par value of its shares, from 100.0 Baht to 25.0 Baht per share. As a result, the Company's paid-up registered capital reduced from Baht 54,700.0 million to Baht 13,675.0 million.
October 2001	The Company signed and entered into an NPLs Transfer Agreement with Thai Asset Management Corporation ("TAMC"); whereas the Company agreed to transfer and TAMC agreed to accept the transfer of its NPLs, as well as any other rights over the underlying collaterals. TAMC agreed to pay the transferring price of those NPLs in an amount equaled to the total value of the collaterals underlying NPLs. The parties agreed to share their profit and loss from the asset management for a period of 10 years.
February 2003	BBC transferred the Company's common stocks to the Financial Institution Development Fund ("FIDF"), for a total of 546,999,993 shares, at the par value of 25.0 Baht per share. As a result, the Company became a state-owned enterprise, with 99.9 percent of its shares held by FIDF. Thereafter, in 2010 and 2011, FIDF received the transfer of another 5 shares, at the par value of 25.0 Baht per share. As a result, FIDF held a total of 546,999,998 shares of the Company, at the par value of 25.0 Baht per share.
September 2003	The Company purchased NPLs and NPAs from Phayathai Asset Management Company Limited ("PAMC"), for the total value of Baht 19,712.2 million. This was the first time the Company purchased NPLs and NPAs from another financial institution.
January 2006	As part of the dissolution of the Asset Management Corporation ("AMC") pursuant to the Act Abrogating Asset Management Corporation B.E.2549 (2006), AMC sold its core assets, comprising NPLs and NPAs, to us at a price of Baht 27,300.0 million. The sale also included the voluntary transfer of employees from AMC to us.

October 2006	The company signed the memorandum of understanding for purchasing of NPAs with 12 financial institutions and 6 asset management companies; in order to determine the terms, conditions, and related procedures for purchasing of NPAs; as well as to promote NPAs trading to be transparent and standardized.
August 2012	The Company entered into 2 distressed asset Purchase and Sales Agreements (1 NPLs Purchase and Sales Agreement and 1 NPAs Purchase and Sales Agreement) with TAMC, for a total amount of Baht 15,757.2 million, in accordance with the dissolution of TAMC pursuant to the Emergency Decree on Thai Asset Management Corporation B.E.2544 (2001)
May 2013	The Company signed and entered into a memorandum of understanding with the Secondary Mortgage Corporation, with the purpose of jointly purchase the home loans from financial institutions that wish to sell off their performing loans and non-performing loans. Under this agreement, the Secondary Mortgage Corporation was responsible for purchasing the performing loans while the Company was responsible for purchasing NPLs. As a result, the Company has a better opportunity to access the source of NPLs.
December 2014	The Company issued its first unsubordinated and unsecured debentures, for a total amount of Baht 4,500.0 million; with the maturity date of December 2017 and at the interest rate of 3.3 percent per annum.
December 2015	• The Company converted from a private company limited to a public company limited; and changed the par value of its share from 25.0 Baht to 5.0 baht. • The Company issued sunsubordinated and unsecured debentures, for a total amount of Baht 1,800.0 million ; with the maturity date of December 2018 and at the interest rate of 2.8 percent per annum.
December 2016	The Company issued unsubordinated and unsecured debentures, for a total amount of Baht 6,400.0 million; with the maturity date from June 2018 to December 2023 and at the interest rate of 3.8 percent per annum.
June 2017	The Company issued unsubordinated and unsecured debentures, for a total amount of Baht 5,600.0 million; with the maturity date from December 2018 to June 2027 and at the interest rate of 2.2-3.9 percent per annum.
September 2017	The Company issued unsubordinated and unsecured debentures, for a total amount of Baht 17,000.0 million; with the maturity date from march 2019 to September 2027 and at the interest rate of 2.0 percent per annum.
June 2018	The Company issued unsubordinated and unsecured debentures, for a total amount of Baht 8,000.0 million; with the maturity date from December 2019 to June 2028 and at the interest rate of 2.2-4.1 percent per annum.

July 2019	The Company issued unsubordinated and unsecured debentures, for a total amount of Baht 20,000.0 million; with the maturity date from January 2021 to July 2034 and at the interest rate of 2.3-3.9 percent per annum.
August 2019	The 1/2019 Extraordinary Shareholders' Meeting, which was convened on August 2, 2019, passed the resolution to allocate the new shares that were approved for the increase of registered capital back in 2015, for a total amount of not more than 510.0 million shares, at the par value of 5.0 Baht per share. The Company allocated these shares, as follows: (a) 280.0 million shares were allocated for the Initial Public Offering ("IPO"), and (b) 230.0 million shares were allocated as the Greenshoe (over-allotment option)
December 2019	The Company initiated the IPO and registered the change of its paid-up capital with the Department of Business Development. As a result, the Company's paid-up capital was at Baht 15,075 million; whereas FIDF reduced its shareholding ratio in the Company from 99.99 percent to 41.9 percent. Therefore, the Company was now fully a private limited company. Additionally, the Company's shares were traded for the first time in the Stock Exchange of Thailand ("SET") under the abbreviation of "BAM", on December 16, 2019.

Shareholding structuring

The Company doesn't have any subsidiary or associated company, however, the Company invests in the equity instruments of many companies that are registered on SET, as well as of other companies, as a result of collateral and debt enforcement between debtors and the Company or original financial institutions.

Relationship with the business group of the Company's major shareholders

FIDF was established on November 27, 1985, by the virtue of the Emergency Decree for amending the Bank of Thailand Act, B.E.2528 (1985); with the objectives of providing financial aids, restoring, and developing financial institution of Thailand to be more secured and balanced, under the supervision of BOT and the government.

As a result of the 1997 Financial Crisis of Thailand, FIDF acquired the shares of 2 asset management companies, namely, the Company and Sukhumvit Asset Management Company Limited ("SAM"). At present, FIDF holds 99.9 percent of SAM's paid-up capital.

In order to prevent the potential conflict of interest from having the same major shareholder, and in order to ensure the Company's independence in its business operation, FIDF approved the guideline for preventing the potential conflict of interest-related issues, pertaining to the notification, No. For. Gor. Thor. 252/2558 (2015), dated June 8, 2015. The detail of such a guideline can be summarized, as follows.

Defining the terms and conditions for conducting transactions between the Company and FIDF, other major shareholders, or other business organizations or state enterprises that have FIDF as their major shareholder, or other major shareholders of the Company

In order to conduct transactions between the Company and FIDF, other major shareholders, or other business organizations or state enterprises

that have FIDF as their major shareholders, or other major shareholders of the Company, such transactions must be subjected to the competitive price mechanism of the market, and under the same terms and conditions used for conducting transactions with outsiders (Competitive, Commercial, and at Arm's Length). Moreover, such transactions must be reasonable and for the best interests of the Company, whereas directors or executives, who any interest such transactions of the Company, whether directly or indirectly, must not participate in the consideration of approving such transactions, in order to prevent the transfer of interest.

The Company realizes that FIDF has a clearly defined policy for conducting its transactions and implements such a policy against the Company fairly. The Company observes and follows the regulation for conducting related transactions, as well as the Company's policies on this subject.

Independent business competition promotion

The Company must be able to compete independently against other competitors and must conduct its commercial activities for the best interests of the Company. For example, the Company must be independent in its determination of interest rate, fee, service charge, sales and purchase price of assets, marketing policy, and the competition in the bidding of NPLs.

Determination of the Company's policy for purchasing and selling assets used in the Company's business operation

The Company must have a clear and independent policy for its determination of purchasing, receiving the transfer, or selling of NPLs and of other business operations, in the administration and management of its normal business operation. Moreover, the Company must have a clear standard for determining the compensation, at the fair market price, while considering the appropriate return-on-investment of its investors.

Determination of the Company's management structure that is transparent and doesn't allow any conflict of interest

The Company must have a transparent management structure, with a system of check and balance that prevents the conflict of interest, in accordance with the related rules and regulations of the Securities and Exchange Commission, Thailand ("SEC") and SET.

Determination of mechanism that ensures and upholds the fairness and the shareholders' right

The Company must determine the mechanism that ensures and uphold the fairness and the right of the Company's other shareholders, as part of its guideline for good corporate governance and corporate social responsibility. Moreover, the Company's management must be done for the best interest of the Company's business and of its overall shareholders.

In general, the amendment of the Company's policy can only be done under the approval of the Company's Board of Directors. However, in order the preserve and uphold the right of its shareholders, and to make sure that they will be treated with fairness, the amendment, adjustment, addition, or change of any detail of the Company's policy on preventing of the conflict of interest of its major shareholders can only be done under the resolution passed with the majority vote of shareholders' meeting, from shareholders who attend the meeting and have the right to cast their votes.

Moreover, FIDF issued a notification, No. For. Gor. Thor. 203/2561 (2018), on the subject of the potential conflict of interest from registering the Company's shares on SET, dated June 28, 2018. The notification intended to clarify FIDF's intention, policy, and measure for considering and conducting the appropriate and necessary actions, in order to prevent the potential conflict of interest that may occur from the management and business operation of the Company and SAM. FIDF warranted that, for all the time it served as the single major shareholder of the Company (pertaining to the definition given in the announcement of the SEC, No. Gor. Jor. 17/2551 (2008), dated December 15, 2008, (and the amendment thereof); and as the Company is responsible for following the regulation specified in the announcement of the Capital Market Supervisory Board, issued under the virtue of Article 56 of the Securities and Exchange Act B.E.2535 (1992) ("Securities and Exchange Act")

1. FIDF will never specify the business operation guideline of the Company in a manner that turns the Company as an instrument of the

government, except for the matters that are subjected to the same terms and conditions as the transaction it may conduct with the third parties (Competitive, Commercial, and at Arm's Length), and for the best interests of the Company and its shareholders, in according with the Company's regulation.

2. While FIDF has the authority to control the operation of SAM, FIDF will follow the management policy that causes SAM to operate as a government asset management company, to take on the responsibility of resolving, developing, and restoring the country's economy, as necessary. However, during the time in which the country doesn't face any economic crisis, SAM may purchase and acquire additional assets so SAM may gain benefits out of its employees fully and maintain its capability to manage NPLs. As a result, SAM will become a governmental mechanism that is ready to manage large-scale NPLs, if another financial institution-related crisis may occur in the future.
3. FIDF, as a shareholder, will support the Company so the structure of its Board of Directors is in line with the Company's policy on the good corporate governance and other related resolutions of the Board of Directors. This includes the case where the chairman of the Board of Directors isn't an independent director, where the Company will appoint an independent director to help consider the agenda of the Board of Directors' meeting.
4. FIDF will not propose or vote on an agenda, as a shareholder, so the Company and SAM will have the same representatives of FIDF as their directors or executives.
5. FIDF will not use the Company's internal business information in a manner that damages the Company's interests.

The Company's Board of Directors and Audit Committee will be responsible for monitoring and ensuring that the policies and measures specified in FIDF's notification, No. For. Gor. Thor. 252/2015, dated June 8, 2015; and No. For. Gor. Thor. 203/2018 dated June 26, 2018, will be implemented.



Nature of Business

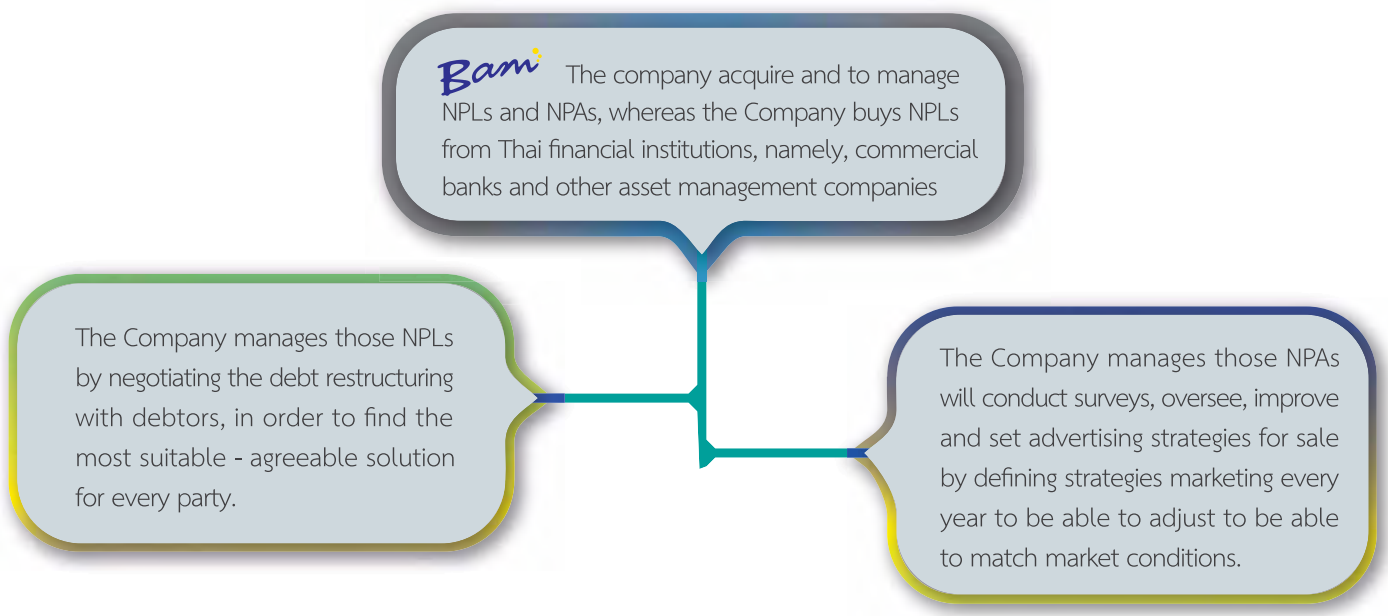
Nature of Business Overview and Revenue Structure

As of December 31, 2019, the Company is the largest asset management company in Thailand, considering the Company's total assets. According to BOT, the total assets of all the asset management companies combined are Baht 236,818 million. Meanwhile, the Company's total assets are Baht 115,790 million, which is accounted for 49 percent of the total assets in this industry. The Company's business operation involves the management of non-performing loans (NPLs) and non-performing assets (NPAs), under the AMC Decree, and under the supervision of BOT.

The Company has the ability to acquire and to manage NPLs and NPAs, whereas the Company buys NPLs from Thai financial institutions, such as, commercial banks and other asset management companies; and the Company manages those NPLs by negotiating the debt restructuring with debtors, in order to find the most suitable – agreeable solution for every party. Most of NPLs bought or acquired by the Company are accompanied by real estate properties, which are used as collaterals for those NPLs. These collaterals are secured as a first priority mortgage, and are recorded in the Company's financial statements at acquisition cost under loans purchased.

Moreover, the Company manages NPAs, primarily real estate properties, such as undeveloped landbanks (including agricultural property), hotels, commercial properties, residential properties such as detached houses, townhouses, and condominiums, as well as certain movable assets and securities. The Company acquires those NPAs through various methods, such as negotiating with debtors to transfer the underlying collateral in satisfaction of the debt foreclosing the collateral underlying the Company's NPLs and purchasing NPAs directly from financial institutions. And for this, the Company records NPAs at the acquisition cost (including related expenses, if any) from the Legal Execution Department or other financial institutions; and the Company will eventually sell those NPAs.

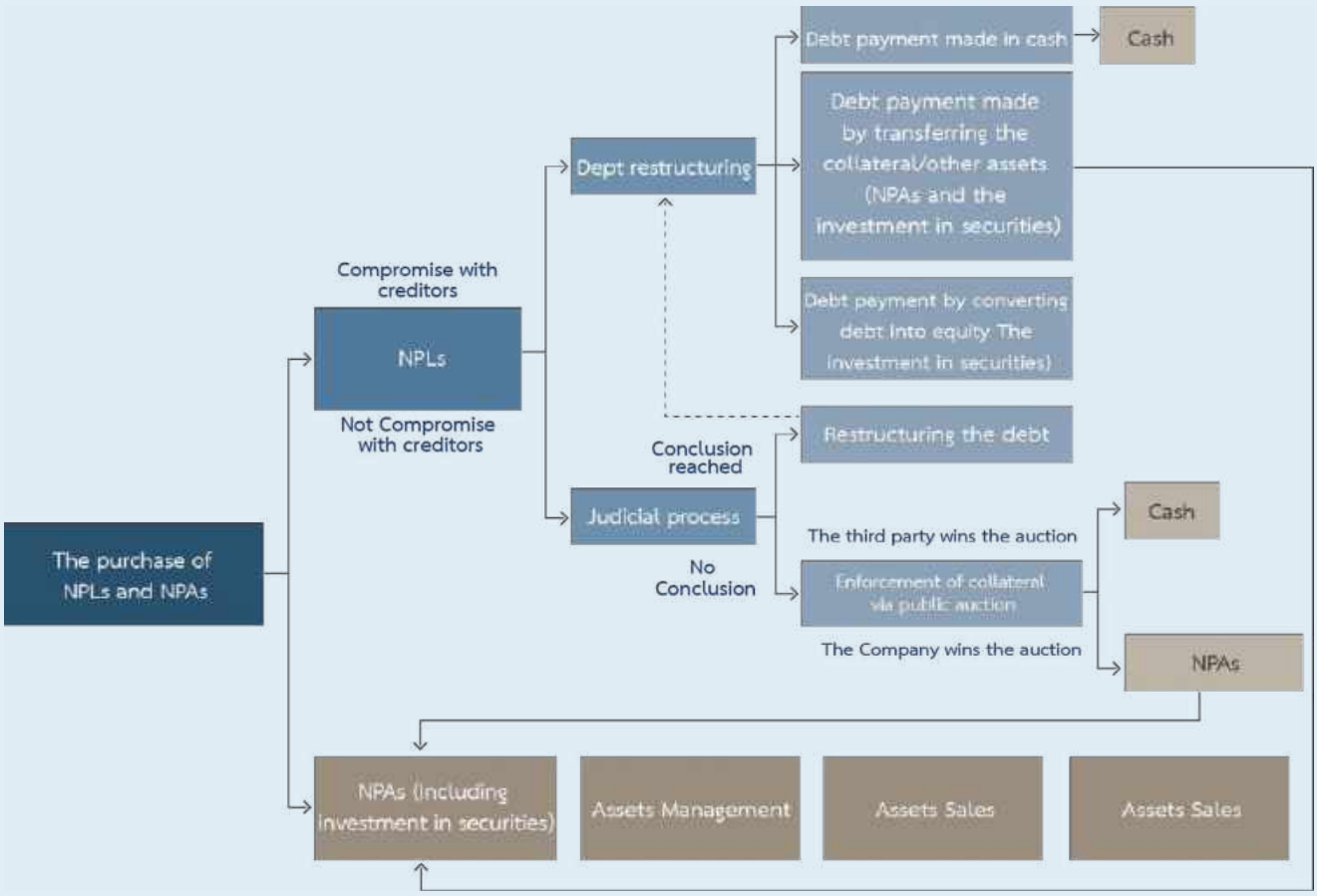
The Company's operating income comes from loans purchased, received from NPLs management business, as well as from properties for sale, received from NPAs management business, and from the investment in securities. On the other hand, the Company's total assets are, including, (1) assets that are relating to NPLs management business (namely, loans purchased - net and accrued income from auction sales - net) and (b) assets relating to NPAs management business (namely, investment in securities - net, installment sale receivables - net, properties for sales - net. advance expenses on asset acquisition and others)



The Company has a head office in Bangkok and another branch offices nationwide, with more than 1,200 employees. These factors allow the Company (1) to provide its services to customers from all over the country and (b) quickly respond to the demand of customers in any region. Having its branch offices in every region around the country allows the Company to gain knowledge and understanding on the environment and the market, as well as to manage NPLs and NPAs located in different regions efficiently.

The Company believes that one of its competitive edges, among other things, is its expertise in negotiation for the debt restructuring, the sales of NPAs, and the price appraisal. This is because the Company's executives possess extensive experience from working in the asset management industry for a very long time. Also, as the Company's branch offices cover the entire country, the Company will be able to effortlessly win the auction for NPLs and NPAs at the reasonable prices, which help the Company maintain its positive profit margin. In general, the Company participates in several auctions for NPLs and NPAs, as they are put out by financial institutions. And as the Company has a good relationship with many financial institutions across the country, this also helps improve the Company's opportunity of acquiring NPLs, especially those NPLs that are collateralized by real estate properties and improve the Company's opportunity of acquiring NPAs.

The Company's business operations can be divided into 2 main groups, namely (1) NPLs management business and (b) NPAs management business



The Company's Income Structure

	2019	
	Baht (in millions)	Percent
NPLs management business		
Interest income[1]	8,968.4[1]	73.3
Other incomes[2]	5.7	0.0
Total income from NPLs management business	**8,974.1**	**73.3**
NPAs management business		
Interest income[3]	155.7	1.3
Profits from NPAs sales	2,907.2	23.8
Profit (loss) from investment in securities	4.0	0.0
Profits from sales made in installment payment	93.6	0.8
Other incomes[4]	76.9	0.6
Total income from NPAs management business	**3,237.4**	**26.5**
Other incomes[5]	24.6	0.2
Total income	**12,236.1**	**100.0**

Note: [1] In the audited financial statement, for the year ended on December 31, 2019, "the interest income from loans purchased" and "gain on loans purchased" were re-classified and combined, and now depicted as "the interest income from loans purchased". Therefore, after the reclassification, "the profits from loans purchased" will become an integral part of the interest income, depicted in the audited – interim financial statement.

[2] Other incomes from NPLs management business are, including, (a) the excessive amount paid by debtors, in which the Company is unable to contact and return the surplus to said debtors, and (b) the amount paid in advance by the Company on the debtor's behalf, in which the Company thereafter receives from the court, after the debtor pays the debt and closes his account.

[3] The interest incomes from NPAs management business are, including, the interest income from NPAs sales made in installment payment and the interest income from the held to maturity securities.

[4] Other incomes from NPAs management business are, including, (a) the dividend received from investment in securities, (b) rental income, (c) profits from the repossession of NPAs sold under the installment payment, and (d) other incomes from the violation of asset purchase and sales agreement.

[5] Other incomes are, including, (a) interest income from the deposit in financial institutions, (b) the profits from the selling of the Company's assets, and (c) other incomes.

Business operation by lines of products

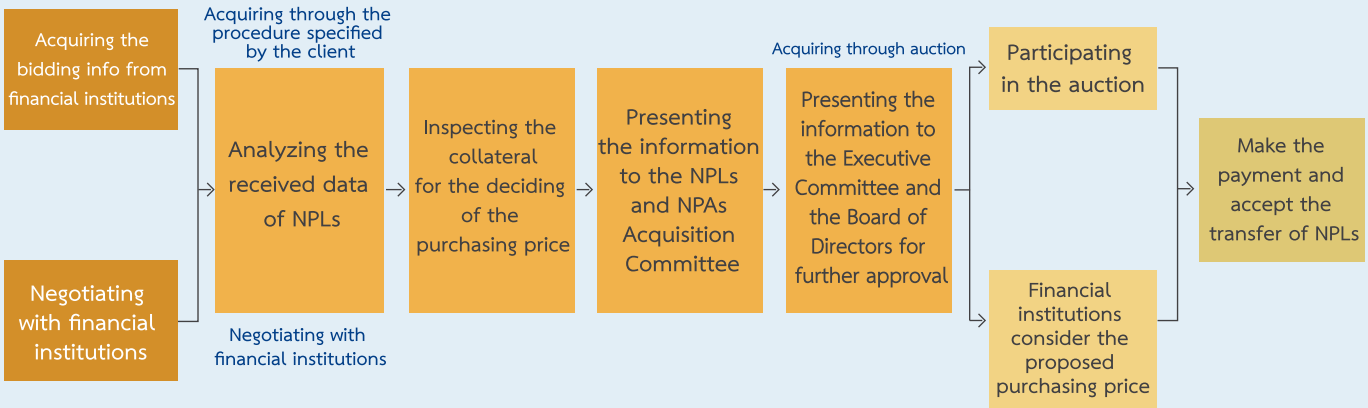
Characteristics of products or services

(a) NPLs acquisition and management

The Company purchases NPLs from other financial institutions in Thailand and manages, negotiates, and readjusts the debt structure, using various methods, with the aim to increase the add-value to the cost of those NPLs. Once acquired, the Company records its NPLs as Loans purchased at acquisition cost.

NPLs acquisition, inspection, management and Enforcement

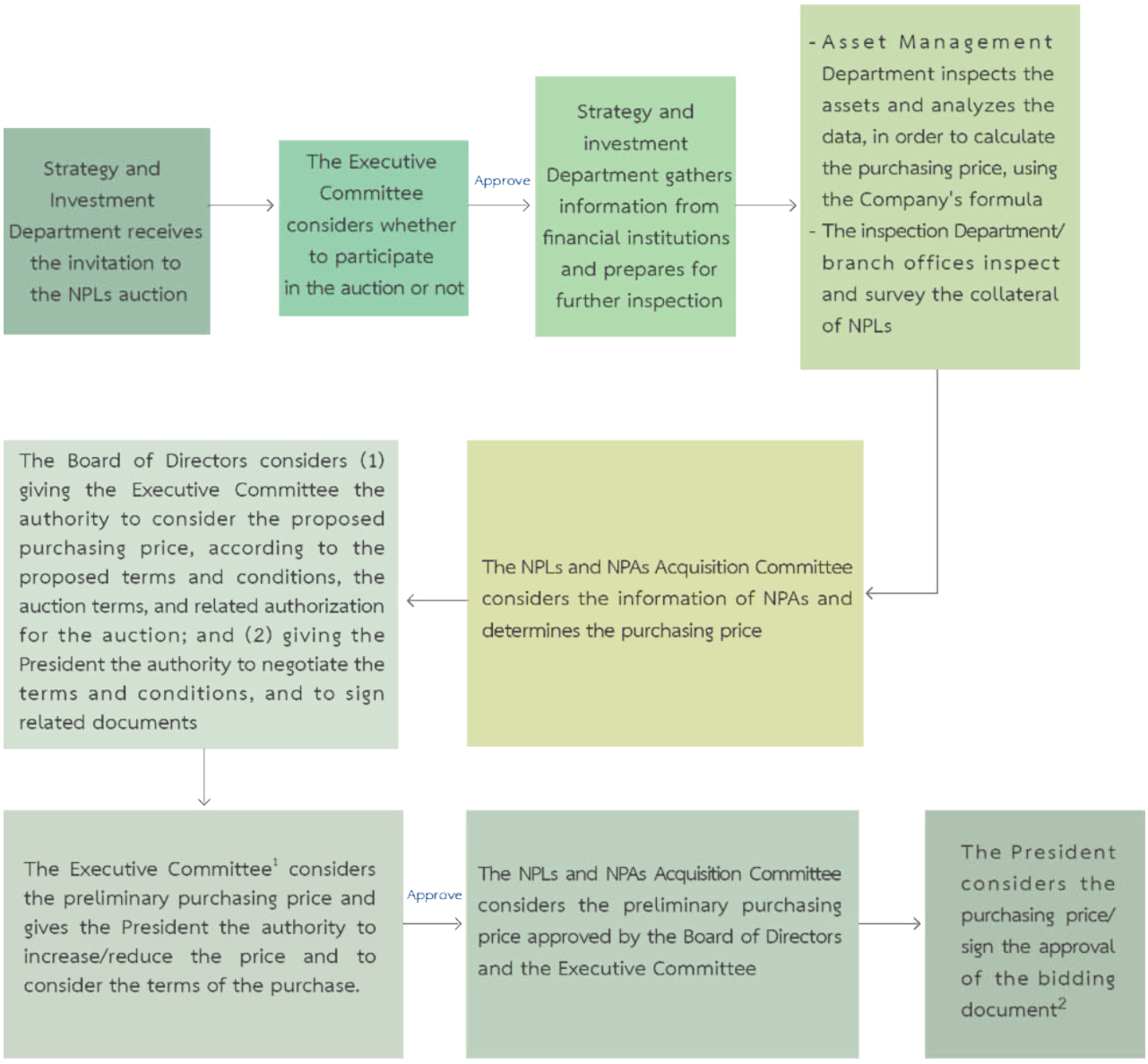
The following flow chart depicts the process of acquiring, inspecting, and evaluating the Company's NPLs and payment.



(1) NPLs acquisition

The Company regularly looks for the opportunity to acquire NPLs from domestic financial institutions, whereas the Company acquires most of its NPLs through auctions and, sometimes, through a direct negotiation with financial institutions.

The following flow chart depicts the process of acquiring of NPLs from financial institutions.



Note: [1] For the case where the auction day is long time away from the meeting date of the Board of Directors, the Board of Directors will give the Executive Committee the authority to consider the purchasing price, as well as the terms and conditions of the auction; in order to improve the overall flexibility of the operation. In such a case, the Executive Committee will give the President the authority to consider the purchasing price/sign the approval of the bidding document.

[2] The final purchasing price presented to the President must be considered by the NPLs and NPAs Acquisition Committee.

The Company will consider acquiring NPLs from financial institutions, whether through the direct negotiation with financial institutions or by participating in the auction for NPLs put on sales by financial institutions, after the Company acquires the information of such an auction or after the Company registers its participation with the auction and acquires the auction information from financial institutions. Thereafter, the Company will evaluate the NPLs, by considering whether such NPAs are guaranteed by real estate collaterals or not, as the Company mainly focuses its asset acquisition on NPLs collateralized by real estate properties. Also, for the case of acquiring NPLs directly from financial institutions, the Company will only acquire such NPLs after it negotiates with the financial institutions who sell those NPLs.

Moreover, the Company maintains a good relationship with domestic financial institutions, in order to maintain a channel that allows the Company to closely monitor news from those financial institutions.

(2) NPLs inspection and valuation; and payment

When financial institutions put NPLs on sales, whether through an auction or a direct negotiation, the Company will sign the related confidentiality agreement with such financial institutions before receiving the information of the proposed NPLs, in order to acquire and use the information for the inspection and evaluation of the collateral of such NPLs, before deciding whether to purchase those NPLs or not.

The Company's due diligence process involves the inspection of related credit document and further inquiry made to the sellers, as well as the surveying of the collateral and validating of their prices, in order to determine the purchasing price. The Company has the advantage of having branch offices in every region of the country. Normally, the employees from the closest branch to collaterals of such NPLs will visit the site, gather the information, and survey the assets, before presenting the survey result and price to the NPLs and NPAs Acquisition Committee. After the NPLs and NPAs Acquisition Committee considers all the related information and determines the preliminary purchasing price, it will propose the issue the Executive Committee and the Board of Director and requests their approval for the purchasing price of NPLs.

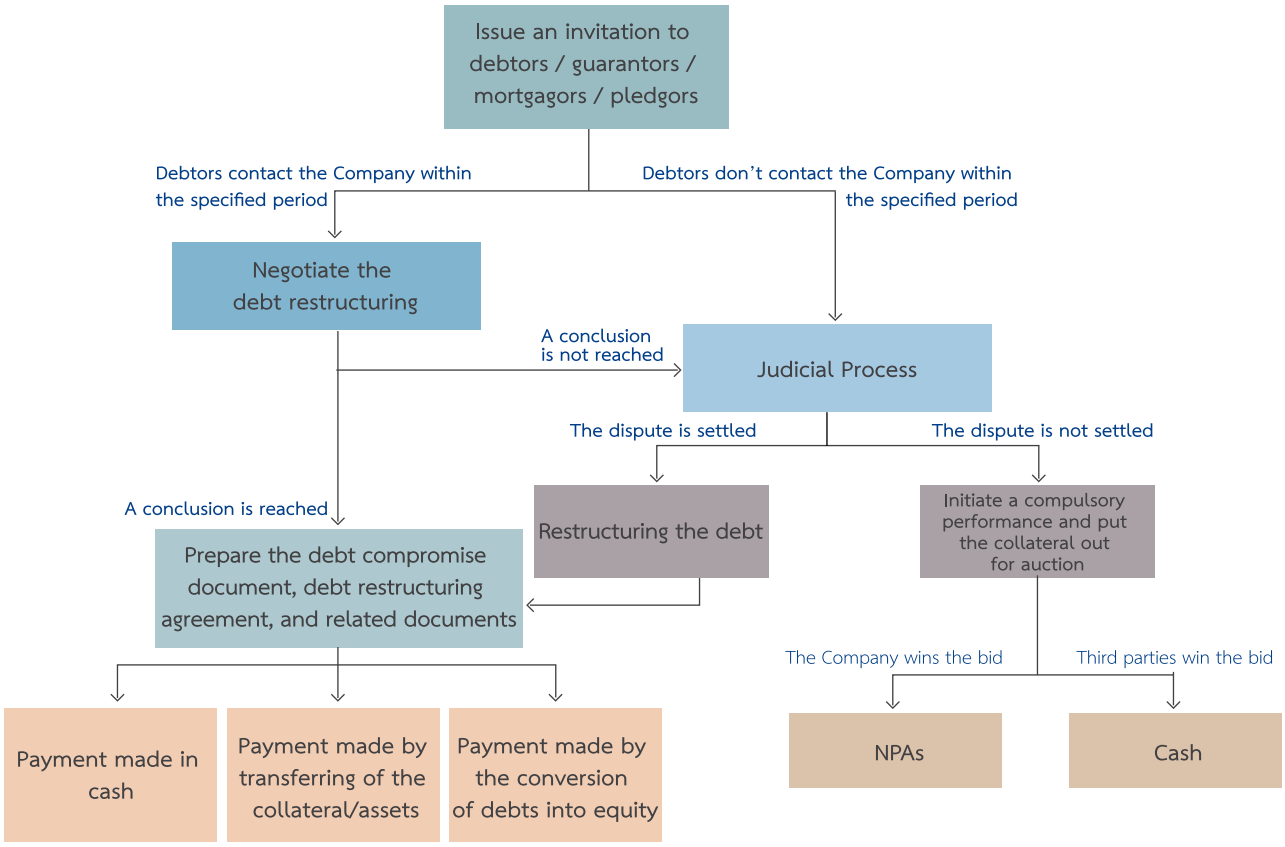
In general, the Company determines the bid price or the purchasing price of NPLs by considering various factors, for example, the expected cash flow that the Company will receive from NPLs in the future, the value of collaterals, the debtor's history, etc. Moreover, in order to make sure that the price will be appraised appropriately, the Company also considers the status of the court enforcement process, the prescription, the debtor's business operation and occupation, and the availability of the collaterals for said debts. After the investment team presents the suggested price to the NPLs and NPAs Acquisition Committee, the committee will recommend the purchasing price to the Executive Committee and the Board of Directors, for their approval. All participations in the auction for, or the purchasing of, NPLs by the Company must be approved by the Executive Committee and the Board of Directors, while emphasizing the appropriateness of the return on investment ratio and the investment risk.

The Company pays for NPLs acquired from financial institutions in cash, using the cash generated from its operation, and from issuing the promissory notes, taking out a loan, and issuing debentures. In order to choose its source of funding, the Company will consider the cost of capital and its general liquidity. If the Company considers the choice of issuing the promissory notes, the term of the promissory notes will be subjected to the commercial agreement.

Normally, after signing the NPLs purchase and sales agreement, the Company will have a period where it may validate the claims and the collateral, and will have the right to return such NPLs to sellers, for the case where some terms or conditions aren't met. For example, in the case where the Company doesn't receive the certificate of ownership requires for initiating the legal process against debtors or if the Company doesn't receive all the collateral completely. These terms and conditions will be varied from one agreement to another. In the past, the Company had entered into an agreement with a seller of NPLs, on the subject of sharing the benefits gained from NPLs management. However, the Company doesn't have any obligation under such an agreement at present.

(3) Debt restructuring

The following flow chart depicts the Company's process for NPLs management and debt restructuring



After the Company acquires NPLs from financial institutions, the Company will notify debtors, guarantors, mortgagors, and pledgors of the Company's ownership of the debts.

After notifying debtors, the Company will invite debtors into a negotiation with the Company and to enter into the debt restructuring process. For the case where the Company is unable to contact debtors, guarantors, mortgagors, and pledgors, the Company will initiate the judicial process against such debtors. In general, for debtors whose debt restructuring is not yet complete, the Company will simultaneously initiate the debt restructuring process with the judicial process, in order to ensure the court enforcement over the underlying collaterals with the aim to reduce the operation time until the debt is collected to as short as possible.

During the debt restructuring process, the Company will evaluate the collaterals and the debtor's repayment ability, whereas the Company will consider various factors, for example, the debtor's occupation, business operation, and the availability of the guarantee for the debt. Moreover, the Company will also consider various options available for the debt restructuring process, including (a) the settlement of debt by changing of the repayment terms and conditions, such as by expanding the repayment term, reducing the interest rate and/or the principal; (b) the transferring of the collaterals other assets used for repayment; and (c) the conversion of debts into equity. The method chose by the Company for the debt restructuring process will depend on individual debtor's repayment ability.

For the aforementioned debt restructuring negotiation, the Company focuses on reducing the time until the cash flow of NPLs is received as short as possible, whereas the Company will try to reach a conclusion with debtors as soon as possible.

If the Company and debtors are able to reach an agreement for debt restructuring, the Company will enter into a debt restructuring agreement with the debtor, in order to specify the repayment term, the amount payable, the repayment method, and terms and conditions regarding the collaterals and guarantees. Such a debt restructuring agreement must be verified and approved as per the Company's internal regulation. Also, if the debtor is unable to pay his debt even after the debt restructuring, the Company may also conduct further negotiation with the debtor, in order to further restructuring the debt.

Moreover, the Company also initiates a project known as "Sukjai Dai Ban Khuen" (pleased to have your home back), which provide an alternative for compromising with debtors, whereas the Company gives an opportunity to debtors, who haven't been placed under the final receivership order, to reclaim their homes. For debtors to be eligible to participate in the project, the principal must not exceed Baht 10.0 million. The debtor will be given with the choice of one-time payment, whereas the debtors must pay the entire principal within 90 days, or the choice of installment payment, for a period of 20 years, at the rate of 80.0 percent of the assets' price, appraised under the Company's provision. The Company also continuously initiates other projects that aim to help debtors of NPLs, such as the "BAM Chuai Lod Phue Plod Nee" (BAM, Reduce to release debts), a project that aims to give an opportunity to debtors , who haven't been placed under the final receivership order and do not have any other assets that can be use for the settlement, to pay their nonguaranteed debts, for the case where the principal must not exceed Baht 3.0 million. The debtors will have the choice of one-time payment, to pay the entire principal within 90 days, at the rate of 10.0 percent of the principal; or the choice of installment payment, for a repayment period of 3 years and at the rate of 15.0 percent of the outstanding principal, without any interest. The Company also initiates a project known as "BAM Chuai Fuen Khuen Turakij" (BAM, Revitalize your Business), a project aims to give an opportunity to the Company's debtors, whether those of natural persons or juristic persons, that haven't been placed under the final receivership order, who do not have any assets that can be used for the settlement, with the principal debt not exceeding Baht 20.0 million, the choice of one-time payment, within 90 days, or to pay in installments within 10 years, at the rate of 80 percent of the asset's price appraised under the Company's provision. Besides helping honest debtors to relieve their debts and reclaim their collaterals, these projects arranged by the Company

also allow the Company to gain an additional cash flow from the repayment or the repayment in installment from the debt restructuring. These projects are also subjected to other terms and conditions specified by the Company.

The Company believes that from its extensive experience of over 20 years in the NPLs management and debt restructuring, throughout its potential, the Company will be able to restructure the debt appropriately and efficiently. However, if the negotiation for debt restructuring has failed, the Company may also exercise its legal right to enforce and foreclose on collateral against its debtors.

(4) Service channels

Debtors of NPLs will receive documents with customized barcodes to make repayments on NPLs to the Company through various methods of payment, whereas the Company's debtors may use the following methods for paying their debts, namely, (1) counter services at 7-eleven, (b) over the counter services at every branch of Siam Commercial Bank in the country, and (3) over the counter services of the Company's head office or branch offices.

(5) Default of payment management

The Company monitors and controls the repayment period under the debt restructuring agreement and the debtor's repayment history (Aging), in order to allow the Company to manage and ensure the constant cash flow. The Company will simultaneously initiate the debt restructuring negotiation and protect its legal right in those NPLs.

If debtors are unable to pay their debts back, under the terms and conditions of the debt restructuring agreement, the Company has two choices of whether it should readjust the terms and conditions of the debt restructuring agreement or initiate judicial process. However, the Company generally uses both options simultaneously, that is, by making an adjustment to the debt restructuring while engaging in the judicial process. However, as the Company's main goal is to manage the payment default in a manner that allows the Company to collect the cash flow from NPLs as soon as possible, the Company mostly try to readjust the debt restructuring's terms and conditions before enforcing the compulsory performance. This is because the debt restructuring: (a) is a faster process for payment collection and (b) involves a lower cost of operation, in comparison to the judicial process.

(6) enforcement

Before deciding to enforce NPLs and foreclose on the collateral underlying NPLs, the Company generally considers various factors, before deciding to exercise its legal right These factors are, including, the time required for the collection of the cash flow from NPLs, related expenses involved with the enforcement process, related risks from the judicial process, and the applicable statue of limitations or period of enforcement.

After receiving the transfer of NPLs from financial institutions, in an event where financial institutions already initiate the judicial process, the Company, in accordance with the AMC Decree, will subrogate to the rights of the financial institutions, which is the original plaintiff, who sells such NPLs to the Company. On the other hand, the Company may subrogate to the rights of a judgment creditor in accordance with the court's order, in an event where the judicial process is completed and the court has issued the ruling. For the latter case, after the Company submits its request to assume the right to the court and when the court is considering the request, if there is any objection to the request, the process of assuming the right of the Company will be delayed.

After the court issues a ruling, whether for the case where the Company is the original plaintiff or the case where the Company assumes the right as a creditor, under the court's ruling; and after the Company enforces the debt and foreclose on any collateral, the collateral will be put on sale by public auction for repayment of debt in which the Company typically participate.

In the event where the Company is the original plaintiff or the case where the court allowed the Company to be subrogated to the rights of the judgement creditor, the Company will enter into the auction as an individual with the right to offset the purchased price. And if the Company wins the auction, the enforcement officers will prepare the offset account for the Company, in order to determine whether the Company, as the auction winner with the right to offset the purchased price, will have to pledge any advance for the purchased price. The enforcement officers will later issue a letter to notify the Company to acquire the certificate of ownership for the registration of the ownership transfer of the purchased assets, and to pay the additional amount for the purchased price (if any) (for the case where the amount paid on the singing date isn't enough to cover all the related fees and expenses). The Company will receive the certificate of ownership and registers the transferring of ownership in the purchased assets. Afterward, the enforcement officers will prepare and deliver the income and expense statement to stakeholders, in order to show the details of the related expenses and the remaining amount of the underlying debt, according to remaining balance basis (the amount of the remaining debt, according to the court's ruling). If the asset is sold at the price that is higher than the remaining debt, the plaintiff or the creditor, pertaining to the court's ruling, will be entitled to receive the repayment from the collateral enforcement at the amount specified by the court's ruling.

However, if the Company has yet to be allowed to be subrogated to the rights of the original plaintiff as a judgement creditor or a mortgager, the Company will have to enter into the auction as a third party. If the Company wins the auction, the Company will have to pay the auction price, in full, as well as any expenses thereof. Then the Company may acquire related documents for the registration of ownership transferring. However, the Company will pay the advances that the Company pays in the auction back to the Company after the Company completely proceed with the subrogation.

For the case where the third party wins the auction, the Company will proceed to request for the repayment of debt from the public auction, whereas the Company will prepare and present all related documents, as well as the court's order granting the rights to subrogation, to the Legal Execution Department, in order to create the income – expense account (income and expense statement). The Legal Execution Department may instruct the Company to present additional documents before the Department will issue the income and expense statement to the Company. After receiving the cash from the auction, the Company will record the reversal of accrued income from auction sale upon the receipt of such repayment of debt.

However, the duration of time requires for the Legal Execution Department's the issuance of the cash receiving and payment account can be varied and depends on several factors. For example, if a request is submitted for the cancellation of the auction, or if there is any objection to the cash receiving and payment account. The Legal Execution Department will have to wait for the court to issue a final judgment on the matter before it can prepare and issue the income and expense statement to the Company. On the other hand, if an adjudication of bankruptcy is issued to the debtor, the Company's collection of auction price will be delayed, as the Legal Execution Department must wait until the Bankruptcy Court to complete its proceedings before the Department may create the income and expense statement to the Company. The Company continuously maintain and register for accrued income from auction sale and regularly monitor such income.

Also, the minimum repayment the company able to recover from the collateral in an auction side is the lowest of (a) the auction price (less expenses), (b) the original mortgage value that the amount secured by the collateral under the mortgage agreement (that can be higher or lower than the outstanding amount of the debt and/or the auction price), and (c) the outstanding amount of debt payable regarding the claim.

Moreover, the Company constantly monitors the outcome of its investment, which is a function of the Assets and liabilities Management Committee, who, in turn, report the outcome to the Executive Committee and/or the Board of Directors, for the result of the Company's investment portfolios. The information provided herein will be used as factors for the consideration of acquiring other investment portfolios in the future.

(B) Types and the quality of NPLs

(1) Types of NPLs can be categorized by the debt restructuring agreement with the debtors. The Company's NPLs, therefore, can be categorized into 2 types, namely (a) NPLs with a debt restructuring agreement or a compromising contract, and (b) NPLs without a debt restructuring agreement or a compromising contract.

Unit: Baht (in millions)

	2019			
	Total debt	NPLs	Appraisal value of collateral	Appraisal value of collateral
	under the existing agreement (liability under the accrual basis)	NPLs (liability under cost basis)	before the discount, under BOT's provision	after the discount deduction, under BOT's provision
NPLs with debt restructuring				
- Outstanding of 0 – 1 month	6,792.60	4,646.20	14,361.32	12,926.05
- Outstanding of more than 1 – 3 months	2,054.16	1,183.89	3,733.88	3,360.49
- Outstanding of more than 3 – 6 months	4,786.61	2,631.03	7,947.37	4,946.32
- Outstanding of more than 3 – 6 months	1,138.06	128.60	1,223.48	760.23
Total	14,771.43	8,589.72	27,266.05	21,993.09
NPLs without debt restructuring	454,059.64	75,031.83	164,922.99	112,545.37
Total	454,059.64	75,031.83	164,922.99	112,545.37
Grand total	468,831.07	83,621.55	192,189.04	134,538.46

* These numbers are calculated based on the latest appraised price provided by the Appraisal Committee (even for the case where there are more than 3 years of appraised prices available). On the other hand, if the collaterals had been auctioned and bought, the purchased price after the estimated expenses will be used for the calculation instead. The value of the collaterals will be based on the appraised price first, before considering the debt obligation under the accrual basis that the Company has with debtors, and before considering of the underlying collateral.

** These numbers are calculated by using the value of collaterals after the discount, specified under BOT's provision. The value of collaterals will not be used for the case where there are more than 3 years of appraised prices available, after the approval date of the appraised prices. On the other hand, if the collaterals had been auctioned and bought, the purchased price after the estimated expenses will be used for the calculation instead. The value of the underlying collateral will be based on the appraised price first, before considering the debt obligation under the accrual basis that the Company has with debtors, and before considering of the underlying collateral.

(2) Types of NPLs categorized by the credit provided for purchasing of debtors, according to the provision provided by BOT's announcement.

The Company categorizes the loans purchased as "normal", "special mention", "sub-standard", "doubtful", and "doubtful of loss". The Company determines the allowance for doubtful account of the loans purchased, using the BOT's provision, which is appropriately adjusted to the Company's transactions.

The following table summarizes the NPLs categorization and the determination of the allowance for doubtful accounts

Unit: Baht (in millions)

	2019			
	Credit provided for purchasing of debtors	Credit provided for purchasing of debtors, after securities mortgages	Percentage used for the determination of the allowance for doubtful accounts	The allowance for doubtful accounts
Normal*	4,646.20	105.62	100.00	108.26
Special mention*	1,183.89	17.83	100.00	17.93
Sub-standard	2,631.03	101.07	100.00	101.07
Doubtful	76.32	1.89	100.00	1.89
Doubtful of loss	75,084.11	6,017.74	100.00	6,017.74
Total	83,621.55	6,244.15		6,246.89

* The calculation of the allowance for doubtful accounts is based on the provision provided by BOT's announcement, which considers the expected cash flow from the debt restructuring that the Company believes it will receive in the future, minus the current value.

Also, in order to ensure the efficiency of the Company's operation, the 12/2019 Board of Directors' Meeting, which was convened on July 23, 2019, approved the approval criterion for the depletion of the loans purchased of debtors as the bad debt from the loans account. The process can be summarized, as follow.

- For the case of nonguaranteed debtors

  The Company may deplete bad debt from the loans account only when:

  - The Company is unable to exercise its legal claiming right against the debtor, on the credit provided for purchasing of debtors, no matter how much is the total debt under the original agreement (the debt obligation under the accrual basis, including other expenses). The Company will request the approval for depleting the bad debt within the next accounting period after the transferring date of the credit provide for purchasing of such debtors.
  - The debtors of credit provided for purchasing of such debtors, with the total debt under the original agreement of fewer than 100,000 Baht, whereas: (1) the Company spends an appropriate amount of effort and time to collect the debt and deems that it is no longer worth the expense to use the judicial process against such debtors; (2) debtors are dead or missing, and there is no other asset that can be use for the settlement; or (3) the debtors go out of business and there are other preferential creditors, whereas their total debts exceed the total assets of such a debtor. For this case, the Company will request the approval for no further legal proceedings, the termination of debt collection, and deplete the bad debt within the current accounting period.

- The debtors that after the legal proceedings are initiated: (1) in the Civil Court, the court has issued the ruling but the debtors do not have any asset that can be used for the settlement; or for the case of bankruptcy, whereas the court issues a compromising order or the court orders the debtor to be bankrupt and the primary distribution of the debtor's assets is complete. (2) The Company spends an appropriate amount of effort and time to collect the debt and fails to collect the debt. (3) After the investigation for legal execution, no other assets that can be used for the settlement are found. For this case, the Company will request the approval for depleting the bad debt within the current accounting period.

• For the case of guaranteed debtors

The Company may deplete bad debt from the account receivable only when:

- The legal proceedings are complete for debtors, in which: (1) in the Civil Court, the final judgment is issued and the Company submits the request for distributed share of the settlement or request for the preferential settlement, for the case where there are multiple creditors; (2) for the case of bankruptcy, whereas the court issues a compromising order or the court orders the debtor to be bankrupt and the primary distribution of the debtor's assets is complete.
- The Company spends an appropriate amount of effort and time to collect the debt and fails to collect the debt.
- After the investigation for legal execution, no other assets that can be used for the settlement are found.
- The legal execution for collateral enforcement and auction is complete and the debt was partially settled by the cash flow generated herein.

For this case, the Company will request the approval for depleting the bad debt within the current accounting period.

(3) Types of NPLs categorized by collaterals types

Most of NPLs bought by the Company are guaranteed by collaterals most of which are real estate properties of higher appraised prices than the cost of NPLs. In most cases, the Company has the preferential right for the settlement out of the enforcement of those collaterals. However, in the past, the Company also bought nonguaranteed NPLs, for example, credit card debtors. This is because back then, the Company believed that such a type of NPLs would provide a good business opportunity. Anyway, the Company may, from times to times, buy more non guaranteed NPLs in the future. Besides those nonguaranteed NPLs already acquired by the Company, the Company still has some nonguaranteed NPLs left and these nonguaranteed NPLs still have some book values. The remaining book values are the result of several causes, for example, debtors may already transferred all of their available collaterals to the Company, or the Company may already sold the collaterals of those NPLs by auction, at the auction prices that are lower than the book values of those NPLs. In this case, the Company will record the allowance for the doubtful debt of nonguaranteed NPLs at the same value as the remaining book value, after the settlement by the transferring or selling of collaterals of those NPLs. The details of collaterals and types of NPLs categorized by collaterals types are, as follows.

	loans purchased
	2019
Types of collaterals	Baht (in miliions)
Credit provided for purchasing of debtors with debts guaranteed by real estate properties	66,910.3
Credit provided for purchasing of debtors with debts guaranteed by real estate properties and other collaterals	11,993.0
Credit provided for purchasing of debtors with debts guaranteed by other collaterals	522.9
Credit provided for purchasing of debtors with nonguaranteed debts[1]	4,195.3
Total	**83,621.5**

Note: [1] Most of the loans purchased with nonguaranteed debts are the result of: debtors may already transferred all of their available collaterals to the Company; or the Company may already sold the collaterals of those NPLs by auction, at the auction prices that are lower than the book values of the remaining credit provides for purchasing of debtors.

	Amount of outstanding loan or debt restructuring contracts
	2019
Size of outstanding amount of loan or debt restructuring contracts (liability on accrual basis based on financial statement)	Baht (in millions)
less than Baht 1 million	21,302.1
Baht 1-5 million	61,397.1
Baht 5 – 10 million	27,825.4
Baht 10 – 50 million	67,985.7
Baht 50 – 100 million	35,498.5
Baht 100 – 500 million	110,686.0
More than Baht 500 million	144,136.3
Total	468,831.1

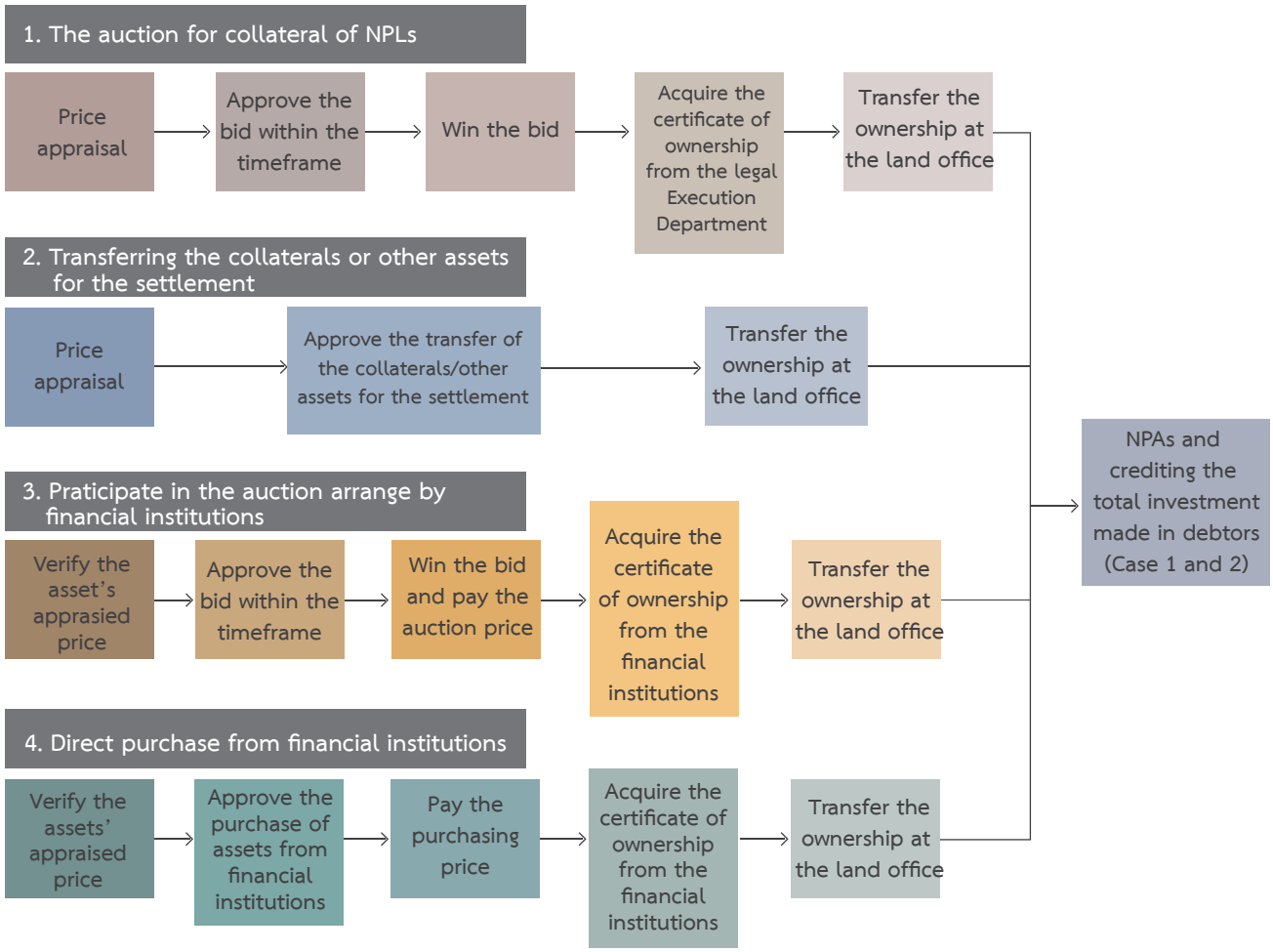
NPAs acquisition and management

(A) NPAs acquisition, management, and sales

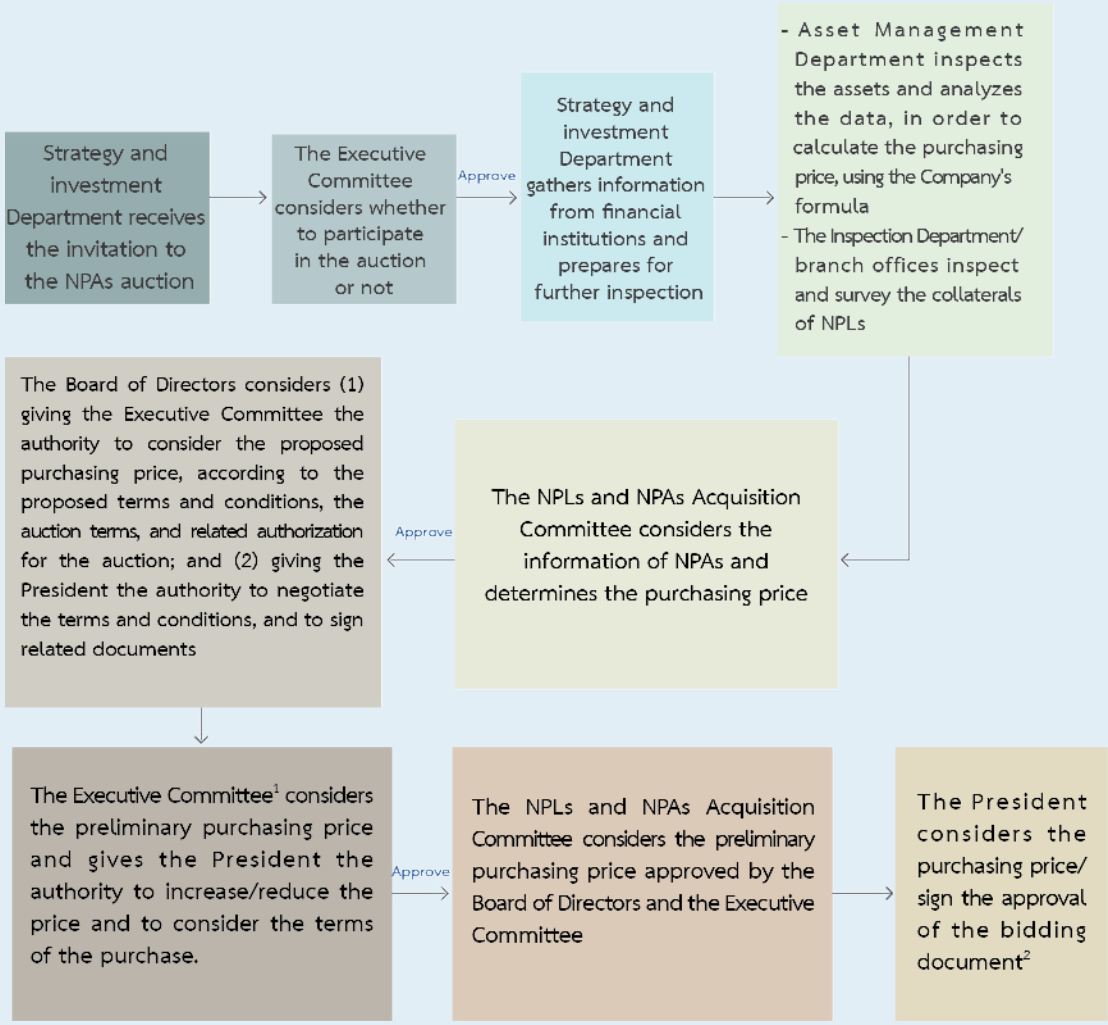
(1) NPAs acquisition

The Company acquires NPAs through various channels, for example, by participating in the auction of NPLs that the Company had previously managed before they were put out to auction, transferring of the collaterals or other assets of debtors with NPLs for the settlement, and the purchasing of NPAs from financial institutions, whether through the auction or through a direct negotiation with financial institutions.

The following flow chart depicts the procedure for NPAs acquisition through various channels.



The following flow chart depicts the procedure for the auction of NPAs from financial institutions



Note: [1] For the case where the auction day is too far away from the meeting date of the Board of Directors, the Board of Directors will give the Executive Committee the authority to consider the purchasing price, as well as the terms and conditions of the auction; in order to improve the overall flexibility of the operation. In such a case, the Executive Unit: Baht (in millions) will give the President the authority to consider the purchasing price/sign the approval of the bidding document.

[2] The final purchasing price presented to the President must be considered by the NPLs and NPAs Acquisition Committee.

In order to determine the price for bidding of NPAs, the Company will consider several factors, for example, obligation of NPAs (if any), the assets' value as determined by the Legal Execution Department, the Company's internally appraised price, etc

The following table depicts the sources of NPAs.

Baht (in millions)

	2019			
	Auction from by financial institutions	Transferring of collaterals/ other assets for the settlement	Unused branches	Total
Real estate property				
At the beginning of the year	5,656.77	20,994.08	25.57	26,676.42
increase	544.27	8,060.09	-	8,604.36
decrease	(812.86)	(2,231.85)	-	(3,044.71)
At the end of the year	5,388.18	26,822.32	25.57	32,236.07
Movable property				
At the beginning of the year	3.97	343.54	-	347.51
increase	-	4.69	-	4.69
decrease	3.97	348.23	-	352.20
At the end of the year	5,392.15	27,170.55	25.57	32,588.27
Less Adjusting of NPAs' values				(8,191.28)
Less Allowance for impairment loss				(497.87)
NPAs - net				23,899.12

The Company has many NPAs around the country, for example, vacant land (including the real estate properties used for agriculture), hotels, commercial properties, residential properties such as single-houses, townhouses, and condominiums, etc.

(2) NPAs management (including maintenance and renovation)

The Company will inspect all NPAs that it acquires, in order to determine the necessity for renovation or maintenance of said assets. The Company relies on its expertise in NPAs management business for this task. Also, the decision for investing money in the renovation of NPAs depends on the general condition of such assets and the worthiness of the investment.

After acquiring NPAs, the Company will send a team to evaluate the value of such NPAs one more time. This is because during this period, the Company has the legal right to more thoroughly inspect NPAs.

If the after the evaluation the Company deems that no maintenance or renovation is required, the Company will initiate the sales process of those NPAs immediately. On the other hand, if maintenance or renovation is required, the Company will renovate or repair such NPAs before initiating the sales process.

For the evaluation of the appropriate renovation or maintenance of NPAs, the Company will consider the potential return on investment of such NPAs, the general condition of the market, and the expected expense for the renovation or maintenance. The Company may decide to conduct the maintenance or renovation if it deems that the increased value of NPAs will exceed the required cost of renovation or maintenance, or if the renovation or maintenance will allow the Company to sell those NPAs faster. Moreover, the Company may complete the

unfinished real property project (the Company will not be able to develop or to initiate a new construction project on the vacant land, in accordance with the prohibitions of the AMC Decree. Also, for some NPAs, the Company may put them out for a short-term lease (for a lease term of under 1 year) while the Company is unable to sell those assets.

Moreover, the Company may also initiate other operations that are related to the asset management, in order to maintain those assets. For example, hiring security guards and renovating the assets appropriately, etc. The Company's Sales Management Department and Regional Loan Restructuring and Sales Department will inspect these NPAs every 3 months, in order to determine the necessity of maintenance or development and to maintain the property right of the Company's in the NPAs, according to the law.

(3) NPAs sales

The Company has many NPAs around the country, for example, vacant land (including the real estate properties used for agriculture), hotels, commercial properties, residential properties such as single-houses, townhouses, and condominiums, etc. And for this, the Company appoints teams of experts in various types of assets located around the country. The Company believes that such categorization of NPAs will allow the Company to precisely determine its targeted customers and to sell those NPAs faster, at more appropriate prices. Moreover, doing so benefits the Company from their employees' expertise in the management of specific types of assets.

After the Company receives the transfer of ownership in NPAs, the Company will survey those NPAs and determines the appropriate advertising strategies for those NPAs. The Company markets its products through various methods, for example, (1) sales promotional activities, (2) arranging Assets Expos in Bangkok and other regions around the country, and (3) promoting through domestic media, as well as setting up the advertisement billboard at the location of the assets. Moreover, implements mobile phone applications and social media in its NPAs marketing, whereas the Company readjusts its marketing strategy on a yearly basis, in order to adapt its effort with the market's condition. Moreover, having its head office and branch offices, in a total of 26 offices around the country allows the Company to access the information about the market and customers' demands and, as a result, allows the Company to sell NPAs at appropriate prices.

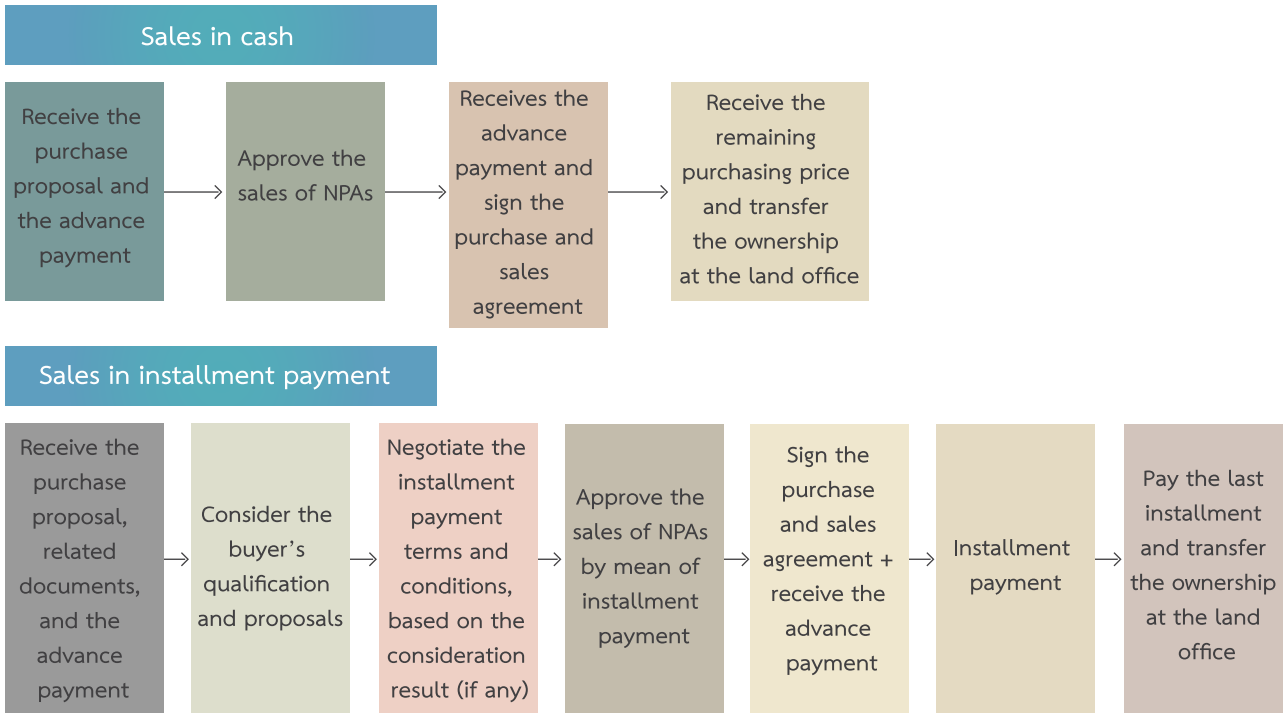
The Company categorizes its NPAs and aims to sell those NPAs to the targeted customers for each specific type of NPAs, namely, real estate developers, investors, and other customers. In the event where there is more than 1 buyer for any piece of NPAs, the Company will arrange an auction, in order to get the best price and to ensure the transparency. Moreover, the Company arranges promotional activities and booths in various expos around the country, for over 100 times a year, in order to ensure maximum reach to its targeted customers.

Most of the time, the Company sells NPAs in cash, whereas the Company and buyer will enter into a purchase and sales agreement. The buyer will pay partial advances to the Company and then pays the remaining purchasing price specified in the agreement on the ownership transferring date, at the land office.

Moreover, the Company also provides an asset purchase in installment payment program. The program gives opportunity to smaller customers, who don't have the access to the credit provided by financial institutions, for purchasing of assets with the price lower than Baht 3.0 million. Customers may purchase the asset with the installment payment for a total amount lower than Baht 2.0 million. Also, for other special cases, for example, for the

case of expensive NPAs or the original debtors want to buy back NPAs; the Company may approve them to buy NPAs under the installment payment program. For this case, the ownership in the NPAs will be transferred to the buyers after the final installment is paid and all the related operations with the land office are complete.

The following flow chart depicts the process for NPAs sales



Moreover, the Company monitors its return on investment regularly, using the Assets and Debts Management Committee. The result is presented to the Executive Committee and/or the Board of Director so they are informed of the result of the Company's investment portfolios. The information provided herein will be used as factors for the consideration of acquiring other investment portfolios in the future.

(b) Types of NPAs

The Company has NPAs across the country, whereas the Company's NPAs in Bangkok and vicinity are accounted for 42.17 percent of the net book value of the Company's NPAs. The Company's NPAs can be categorized by their locations and types, as follow

The Company's NPAs, categorized by locations

Value of NPAs, categorized by locations	Net book value Baht (in millions)
Real estate properties	
Bangkok and vicinity	9,987.89
Central and the East	6,137.00
The North	3,432.24
The Northeast	2,158.53
The South	1,968.58
Moveable properties	214.88
Total	**23,899.12**

The Company's NPAs, categorized by types

Value of NPAs, categorized by types	Net book value Baht (in millions)
Real estate properties	
Vacant land	5,242.68
Hotels	449.92
Commercial properties	5,788.75
Residential properties	11,526.75
Others	676.14
Moveable assets	214.88
Total	**23,899.12**



Marketing and competition

The Company faces some competitions in its acquisition of NPLs and NPAs. The Company's main competitors are other assets management companies in Thailand that exist as state-owned enterprises, namely, SAM. FIDF is the major shareholder of both the Company and SAM), asset management companies of commercial banks, such as NFS Asset Management Company Limited, Bank of Ayudhya Asset Management Company Limited, Phethai Asset Management Company Limited, Ratchayothin Asset Management Company Limited and Sinnasuptawee Asset Management Company Limited. Also, most asset management companies that exist as business units of other commercial banks will not buy NPLs and NPAs from other financial institutions but will only buy NPLs and NPAs from the original affiliated commercial banks. Moreover, the Company also compete against other asset management companies, though at the lesser level of competition that those aforementioned competitors. This is because, at present, these companies mainly focus on acquiring assets that are related to personal loans and credit card debts, which are not the main targeted NPLs of the Company. These companies are including, J Asset Management Company Limited, Thanapat Asset Management Company Limited, Alpha Capital Asset Management Company Limited, Chayo Asset Management Company Limited, Sisawad Group, Knightclub Capital Company Limited, etc. Anyway, it is possible that these companies may compete against the Company and try to acquire NPLs and NPAs that are the main targets of the Company. Moreover, the Company also faces competition from foreign juristic persons with a much stronger financial foundation that set up their asset management companies in Thailand. For example, the Lone Star Funds and the Accretive Company Limited. Therefore, the competition in the NPLs and NPAs industry is expected to be more competitive in the future.



The Company competes against those asset management companies, using its strong financial foundation, its ability to access the capital source, the swiftness of its information network used for monitoring the opportunity to acquire NPLs and NPAs, its ability to appropriately determine the purchasing prices of NPLs and NPAs, its credibility, as well as its operational network and highly experienced teams of employees (who, in turn, determine the Company's ability to manage NPLs and NPAs.) The Company's ability to manage its assets may also affect the Company's operational plan.

Moreover, in its sales of NPAs, the Company will have to compete against other real estate property companies, financial institutions that also sell NPAs, and other entrepreneurs in the real estate market.

Targeted customers

The targeted customers of the Company's NPAs management business are debtors, whose NPLs are acquired by the Company from financial institutions.

The targeted customers of the Company's NPAs management business are, including, real estate property developers, investors, and other customers. Moreover, the Company arranges promotional activities and booths in various expos around the country, for over 100 times a year, in order to ensure maximum reach to its targeted customers.



The Company arranges a project that promote debt restructuring for customers of its NPLs, under the project's name "Sukjai Dai Ban Khuen" (Pleased to have your home back). This project aims to provide an opportunity to debtors, who haven't been placed under the final receivership order, to reclaim their homes.

For debtors to be eligible to participate in the project, the principal must not exceed 10.0 million Baht. The debtor will be given with the choice of one-time payment, whereas the debtors must pay the entire principal within 90 days, or the choice of installment payment, for a period of 20 years, at the rate of 80.0 percent of the assets' price, appraised under the Company's provision. The Company also continuously initiates other projects that aim to help debtors of NPLs, such as the "BAM Chuai Lod Phue Plod Nee" (BAM, Reduce to release debts), a project that aims to give an opportunity to debtors, who haven't been placed under the final receivership order and do not have any assets that can be use for the settlement, to pay their nonguaranteed debts, for the case where



the principal not exceeding Baht 3.0 million. The debtors will have the choice of one-time payment, to pay the entire principal within 90 days, at the rate of 10.0 percent of the principal; or the choice of installment payment, for a repayment period of 3 years and at the rate of 15.0 percent of the outstanding principal or without interest. The Company also initiates a project known as "BAM Chuai Fuen Khuen Turakij" (BAM, Revitalize your Business), a project aims to give an opportunity to the Company's debtors, whether those of natural persons or juristic persons, that haven't been placed under the final receivership order, who don't have any assets that can be used for the settlement, with the principal debt not exceeding Baht 20.0 million, the choice of one-time payment, within 90 days, or to pay in installments of 10 years, at the rate of 80 percent of the asset's price appraised under the Company's provision. Besides helping honest debtors to relieve their debts and reclaim their collaterals, these projects arranged by the Company also allow the Company to gain an additional cash flow from the repayment or the repayment in installment from the debt restructuring. These projects are also subjected to other terms and conditions specified by the Company.

The Company also arranges other programs to support customers of its NPAs, for example, "Purchase assets through installments with BAM", which aims to help customers with low income or limited budget to have a home. In this program, customers may buy assets from the Company, in an installment payment program, for assets with the total value not exceeding Baht 2.0 million. The Company also sells condominiums and apartments in special prices for customers with low income, as part of its "Condo Don Jai Sabai Krapao" (The right condo for your wallet). This program gives customers an opportunity to buy condominiums from the Company, for the price not exceeding 500,000 Baht, without paying down payment. The Company also arranges the "Thi Din Phue Karn Aorm" (The Land for Saving) project, in which the Company puts out vacant lands in good locations around the country on sales, for the price not exceeding Baht 2.0 million, without charging transferring fee during the promotion period; or customers may choose to pay the by the Company's installment payment program, under the special interest rate, as well as terms and conditions specified by the Company.

The Company has marketing teams for each type of NPAs, in order to appropriately develop the marketing strategy to each type of NPAs and targeted customers. The marketing tools used by the Company are, including, setting up an advertisement billboard at the location of the asset, advertising on websites other social media, such as Facebook, Line, mobile phone applications, television, and print media; as well as arranging auction for the public and direct contact with investors and real estate property developers.

Distribution channels

There are 2 main distribution channels, according to the underlying business operation of the Company, namely, (1) the channel for the compromising and repayment of debtors, for the NPLs and repayment of debtors, for the NPLs management business; and (2) the distribution channel, for the NPAs management business.

For the case of the distribution channel for NPLs management business; this means the compromising and the repayment channel for debtors, after the compromising is complete, in which the Company's debtors may make the repayment through various available channels, such as, through counter services at 7-eleven or major commercial banks around the country, such as Bank of Ayudhya Public Company Limited, Kasikorn Bank Public Company Limited, Krung Thai Bank Public Company Limited, Bangkok Bank Public Company Limited, CIMB Thai Bank Public Company Limited, TMB Bank Public Company Limited, Siam Commercial Bank Public Company Limited, and Land and Houses Bank Public Company Limited. Debtors may make the payment at the Company's head office, branches offices, or through the customer services, or over-the-counter services of those commercial banks. Anyway, if debtors are unable to pay their debt under the original debt restructuring agreement, the Company will consider whether to readjust and enter into a new debt restructuring agreement or to use judicial process. However, the Company generally uses both options together, that is, by simultaneously restructuring the debt and using the judicial process.

For the case of NPAs, the Company has several distribution channels. For example, the Assets Expos in Bangkok and other regions around the country, advertisement through various media in the country, the Company's website, social media, and BAM application, which is available on mobile phone for online booking of assets on sales and receiving other public relation information, regarding the Company's NPAs. Most customers buy the Company's assets in cash , or using credit provided by other credit provided by other financial institutions. Sometimes, customers may buy asset using the Company's installment payment program. For the case where customers choose to buy assets using the Company's installment payment program, customers will have the same payment channels as the available for the aforementioned customers of NPLs.

NPLs and NPAs management in Thailand

During the past two decades, financial industry of Thailand was strengthened, to a point where it is able to support the growth of the country's economy and to mitigate the risk of the fluctuation in the foreign currency market. At present, Thailand is far more vigilant with financial transactions, as the country specifies many rules, regulations, and measures on the industry. One of important factors that strengthen the country's financial industry is the development of the NPLs and NPAs management industry, which, in turns, promote an efficient NPLs and NPAs management.

Assets management companies of Thailand buy NPLs and NPAs mostly from financial institutions, through auction or direct purchase, after the negotiation between both parties. Assets management companies manage NPLs through the debt restructuring negotiation, in order to find the best solution for every party; and manage NPAs by improving the assets' condition before selling them on the market. Therefore, this industry plays an important role in improving the country's economy in general.

The more efficient NPLs and NPAs management industry becomes, the greater the burden will be alleviated from financial institutions. Assets management companies bring flexibility to the financial industry and helps improve the bank industry's stability. NPLs and NPAs management industry also helps debtors of high-potential to continue their business operation; and serves as a mechanism that absorbs NPLs and NPAs from financial institutions of Thailand.

Development of NPLs and NPAs management industry in Thailand

In terms of Thailand's economy, since 1987 and henceforth, the country's economy grows continuously. The strong image of financial industry back then became a reason that encouraged the government to make Thailand into a financial hub of Asia, as for the case of Hong Kong and Singapore. In 1993, the International Banking Facility, which is known as Bangkok International Banking Facility, or BIBF, was found; in order to promote the liberalization of the financial market of Thailand that Thai government wanted to create as a main mechanism for raising of funds from foreign sources. The interest rate was raised, in order to attract foreign investment into the country. And under the operation of BIBF, commercial banks corporate domestically or foreign commercial banks were allowed to provide the offshore banking services. This created a channel for accessing the loan with a low interest rate from foreign financial institutions.

A tremendous amount of capital continuously flew into the country, from 1995 to 1996. As a result, financial institutions had an easier access to the source of loan. Meanwhile, the use of the fixed exchange rate misled many people to believe that they were free of risk of the exchange rate, as the central bank was hedging for said risk. As a result, financial institutions and the people engaged in more risky transactions, whether from the exchange rate risk and the maturity risk. The amount of short-term loan that was taken out in US dollar from foreign sources was rising quickly. Most of these loans were used for providing the long-term loan in Thai Baht to domestic businesses. This led to the currency mismatch and the maturity mismatch, as the majority of the currency flocked into the country was invested in the non-productive sector, especially in the real estate property industry. During those times, the demands for real estate properties abnormally increased and, as a result, caused the price of the real estate properties to skyrocket.

The economic downturn that occurred between 1996 and 1997 was a result of the shrinking in the export industry and a severe current account deficit. As a result, foreign creditors concerned with the situation of Thailand's foreign debts, the country's potential to grow, and the looming end of the asset price bubble. The excessive supply, in comparison to the demand for real estate properties, caused every financial institutions to face with the problem of the rising number NPLs and the sharp decrease of the asset's price. The short-term loan made under foreign currencies hence exceeded the international currency reserves. The sudden outflow of capital led to the crisis in the balance of NPLs, which doubled in 1996 and tripled in the first quarter of 1997. At that point, the total amount of NPLs of all financial institutions was over Baht 225 billion.

The government spent a colossal amount of money out of the international currency reserves to stabilize and to maintain the exchange rate. Such an action greatly reduced the country's international currency reserves. Eventually, the government led by General Chavalit Yongchaiyut announced the change of the currency exchange and floated Thai Baht, on July 2, 1997. This was the origin of the 1997 Asian Financial Crisis, as Thai Baht weakened at over 18 percent, and continuously depreciated until the currency exchange rate hit 55.50 Baht per one US dollar in January, 1998.

All financial institutions, the business industry, and all companies of Thailand that made loan in US dollar back then were severely damaged by the crisis. The total value of their combined debt skyrocketed quickly, as a result of the severe depreciation of Thai Baht. As a result, the external debts, after calculated into Thai Baht, massively jumped up in value. The effects of that financial crisis weren't limited to the financial industry but also spread to the real estate property industry and other main industries of the country. This financial crisis spread to other countries in Asia and destabilized the whole continent's economy. Moreover, the lacks of good corporate governance and the lack of control and supervision that ensure the financial institutions' compliance with rules and regulations worsen the financial crisis. The unemployment rate increased, entrepreneurs became widely bankrupt, and the winding up of many businesses led to massive default in the repayment of debt and colossal amount of NPLs were generated.

Thailand's financial industry severely collapsed. As a result, at the middle of 1997, BOT ordered 58 financial institutions to temporary suspend their operations, as a result of bankruptcy or the lack of liquidity. Their biggest creditor back then was the Development Fund, with the total debt of over Baht 1.4 trillion.

As the country's international currency reserves decreased continuously, Thai government decided to take a loan from the International Monetary Fund or IMF, in order to stabilize the country's financial industry.

Afterward, the government created the Financial Sector Restructuring Authority ("FRA") in October of 1997, with the aim to evaluate and adjust the restructuring plan and to manage the assets of 56 financial institutions that had been shut down. FRA wanted to separate bad debts out of the financial system, in order to restructuring those bad debts. Some of them were bought by foreign financial institutions while for the remaining bad debts, the government approved the establishment of the Asset Management Corporation (AMC), under the Emergency Decree on the Asset Management Corporation B.E.2540(1997) in order to buy and to acquire NPLs and NPAs from those 56 financial institutions that had been shut down during the Asian Financial Crisis, and to manage those assets before selling them thereafter. Therefore, AMC was the first NPLs and NPAs management company of Thailand.

As Thai government wanted to concretely solve the problems of NPLs and NPAs, the government allowed the incorporation of other asset management companies, by the virtue of the AMC Decree whereas any limited companies or public limited companies may register as an asset management company, under the supervision of BOT. The AMC Decree specifies the criterion for NPLs and NPAs that financial institutions may sell or transfer to the asset management companies, as follows: (1) assets of financial institutions that are classified as sub-standard, (2) doubtful, (3) doubtful of loss, and (4) NPAs that must be reclassified as their market values are lower than the acquisition cost. Thereafter, in the same year, BOT expanded the scope of NPLs and NPAs to include 2 additional categories, namely, (5) assets that are classified as bad or loss debt, and (6) assets that

the financial institutions already wrote-off from their accounts.

In 1998, the Cabinet approved the establishment of the Company, for the purpose of acquiring NPLs and NPAs from BBC, which dissolved its business operation in August of 1998.

In April of 2000, the Cabinet approved the establishment of SAM to acquire NPLs and NPAs from Krung Thai Bank Public Company Limited. SAM had FIDF as its major shareholder, who held over 99.99 percent of its capital stocks.

In 2001, TAMC was established under the Emergency Decree on Thai Asset Management Corporation B.E.2544 (2001) ("TAMC Decree"), in order to solve the problems of NPLs and NPAs. TAMC encouraged both governmental and private financial institutions to transfer their NPLs and NPAs out of the system and to TAMC. The TAMC decree required financial institutions or asset management companies, whose paid-up registered share capital were owned for more than 50 percent by FIDF, the government's organizations, or any state-owned enterprises, whether solely or jointly, to transfer all of their NPLs and NPAs to TAMC, within the timeframe specified by TAMC. Other financial institutions or asset management companies that weren't qualified under this criterion may also transfer their assets to TAMC as well. TAMC acquired NPLs and NPAs for a total value of over Baht 770 billion whereas 81 percent were NPLs and NPAs from the government's banks.

In 2005, the cabinet approved the sale of AMC's major assets, including the investment in debtors, NPAs, and all of its investment in equity, to the Company. The resolution also instructed the Company to accept the voluntarily transfer of AMC's employees to the Company an initiation which strengthening the Company's operation. Afterward, in 2006, AMC was later dissolved under the Act Abrogating Financial Institution Asset Management Corporation B.E.2549 (2006). The dissolution aimed to relief the government of the burden in the management of NPLs and NPAs of the financial institutions. This was because at that point, some of Thailand's financial institutions had been successfully reformed. Also, a good control system was put in place and those financial institutions were strong enough to manage NPLs and NPAs on their own.

In 2011, TAMC transferred back assets that it wasn't able to restructure and sold its assets to financial institutes, in order to dissolve its organization. This was because TAMC was a special financial institutions that has been specifically created to solve the problem of bad debts in the system, with the intended term of only 10 years, in accordance with Section 95 of the TAMC Decree.

In December of 2019, the total number of asset management companies that register with BOT is 61 companies. (Source: BOT)

The effects of NPLs and NPAs management industry in Thailand, in terms of economical and social effects

The financial institutions have 3 objectives for selling their NPLs and NPAs, as follows.

(1) To manage NPLs and NPAs quickly and efficiently, in order to minimize the original principals of those debts.
(2) To reduce the estimated debts recognized by financial institutions that will allow financial institutions to adjust their financial structure and to increase their capital smoothly. As a result, financial institutions will be able to focus on loaning-related activities that will further lead to the development of the credit system.
(3) To improve the quality of bad debts by transferring the responsibility over those assets to asset management companies, who have specialized expertise in improving the value of those assets.

Asset management companies help solve the problems of NPLs and NPAs in the financial institution system, by negotiating a compromise with debtors, based on the principle of collaboration between asset management companies (creditors) and debtors, through various measures. For example, giving the lenient period for repayment, giving the lenient period of principal-free and/or interest-free repayment, reducing the principal,

reducing the interest rate, or giving the lenient period for interest payment, as well as the conversion of debts into equities by the process of debt restructuring, the sales of NPAs, and the restoration of debtors' business operation. Asset management companies allow financial institutions to manage the quality of their assets smoothly and efficiently. Moreover, the restructuring of debtors' debts allow their businesses to continue to operate, which in turns help driving the economy forward and stabilizing the financial industry.

Moreover, asset management companies are able to efficiently manage NPAs as their asset management-related operators aim to improve the assets' quality and prepare assets in a condition that is ready for sales and able to answer the targeted customers' demands. These companies inspect the assets, identify any points where improvement is needed, and conduct additional investment as necessary, in order to improve the assets' quality. These actions improve the assets' value and allow the cash flow to re-circulate in the economy system.

Main players in the NPLs and NPAs management industry of Thailand

There are 4 types of main players in the NPLs and NPAs management industry of Thailand, namely, sellers or auctioneers of NPLs and NPAs, buyers or bidders of NPLs and NPAs, supervising authorities, and other related entities, such as, specialists in asset appraisal and legal consulting offices, etc. BAM and SAM are the top two biggest buyers and bidders of NPLs and NPAs from financial institutions. These companies are the top two biggest players in the NPLs and NPAs management industry that operate in the asset management business and strengthen the country's financial industry.

(1) Sellers or auctioneers of NPLs and NPAs

"Sellers or auctioneers of NPLs and NPAs" are as suppliers or providers of NPLs and NPAs. According to the AMC Decree entities that are able to transfer or sell NPLs and NPAs to asset management companies are, including.

- Financial institutions, according to the Financial Institutions Businesses Act B.E.2551 (2008) **("The Financial Institutions Act")**, namely:
  - Commercial banks
  - Financial companies
  - Credit foncier companies
- Asset management companies, according to the law on asset management companies.
- Asset Management Corporation (dissolved)
- The Government Housing Bank.
- The Secondary Mortgage Corporation.
- The Government Saving Bank.
- The Export-Import Bank of Thailand.
- The Small and Medium Enterprise Development Bank of Thailand
- The Islamic Bank of Thailand
- The Financial Institution Development Fund
- Thai Asset Management Corporaton (dissolved)
- Non-bank financial institutions
- Other juristic persons, as specified by the Finance Minister in the Royal Thai Government.

Commercial banks and other business operators that are not financial institutions (Non-Bank) are the major sellers or auctioneers of NPLs and NPAs. Majority of NPLs and NPAs acquired by most of the asset management companies is in the form of investment portfolio in NPLs.

(2) Buyers or bidders of NPLs and NPAs

According to the AMC Decree buyers or bidders of NPLs or NPAs must be registered for the license to operate an asset management company with BOT. As of December 2019, there were 61 registered asset management companies in Thailand. These companies can be categorized into 2 groups, namely, 9 affiliated companies of financial institutions, in accordance with the Financial institutions Act. The remaining asset management companies are Non-Bank. These Non-Bank companies are able to hold NPLs without time limit, in comparison to asset management companies that are affiliated companies of financial institutions that can hold such assets for a period of 5 years and an additional – lenient period of 5 more years, after the first 5 years elapsed. All asset management companies may sell assets through its branch offices or representatives, for example, through the branch offices of a bank, etc. The top 3 biggest asset management companies, categorized by the total value of assets held by these companies, are BAM, SAM, and the Islamic Bank Asset Management Company Limited.

- Asset management companies that are affiliated companies of financial institutions, in accordance with the Financial institutions Act

Asset management companies	Asset management companies
TS Asset Management Company Limited NFS Asset Management Company Limited Max Asset Management Company Limited	Thanachart Capital Public Company Limited
Sinnasuptawee Asset Management Company Limited	Bangkok Bank Public Company Limited
Phethai Asset Management Company Limited	Kasikorn Bank Public Company Limited
Bank of Ayudhaya Asset Management Company Limited	Bank of Ayudhya Public Company Limited
Phahonyothin Asset Management Company Limited (Originally known as Phayathai Asset Management Company Limited)	TMB Bank Public Company Limited
Sathorn Asset Management Company Limited	CIMB Thai Bank Public Company Limited
Ratchayothin Asset Management Company Limited	Siam Commercial Bank Public Company Limited

Source: publicly available information from the annual reports of parent companies.

Asset management companies that are affiliated companies of financial institutes, in accordance with the Financial Institute Act, must comply with the rules and regulations of BOT for the preparation of financial statements. For example, the preparation of consolidated financial statements of financial institutions and asset management companies; these companies must also follow the criterion for holding NPAs, in which assets management companies that are affiliated companies of financial institutions may only hold NPAs for 5 years and for an additional – lenient period of 5 or 10 years, depending on the types of NPAs they are holding, according to BOT's announcement, No. Sor. Nor. Sor. 23/2552 (2009). The leniency will be given for the case where the parent – financial institutions hold the total amount of NPAs held beyond the limited period that is not accounted for more than 10.0 percent of their capital. But if the total amount of NPAs held beyond the limited period is accounted for more than 10 percent of their capital, BOT may only give the lenient period only when asset management companies are able to allocate an additional reserve, in accordance with the minimum requirement of reserve specified by BOT's announcement, that is, at 20.0, 40.0, 55.0, and 70.0 percent of the appraised value or the book value of the real estate property account, whether which one is lower; for the 2nd, 3rd, 4th, and 5th year of their possession of those assets, respectively. The required allocation of reserve for the 1st year of possession is exempted, that is, at the rate of 0.0 percent.

On the other hand, asset management companies that are not affiliated companies of financial institutions may hold NPAs indefinitely. Meanwhile, most asset management companies that are affiliated companies of financial institutions will receive the support of investment fund for purchasing the portfolio of NPLs and NPAs from their parent companies.

- Asset management companies that aren't affiliated companies of financial institutions, in accordance with the Financial institutions Act

Asset management companies that are not affiliated companies of financial institutions, in accordance with the Financial institutions Act, are asset management companies that exist as state-owned enterprises and private asset management companies.

In this industry, the top 2 largest asset management companies are the Company and SAM.

Other asset management companies are, such as J Asset Management Company Limited and SWP Asset Management Company Limited (originally known as Sisawad Asset Management Company Limited). These two companies are affiliated companies of JMT Network Services Public Company Limited and Sisawad Power 1979 Public Company Limited, respectively. These two parent companies operate in a business that involves the asset management industry but they are non-members of the financial institution group ("Non-Bank"). For example, they provide debt collection service or personal loan service. Therefore, when these companies buy or bid for the portfolio of NPLs, they must register their asset management companies with BOT, in accordance with the AMC Decree. Meanwhile, these Non-Bank asset management companies will not be limited, in terms of the duration of their possession of NPAs.

(3) Supervising authorities

BOT is an organization that supervises asset management companies, in which any private limited company or public limited company may register their asset management companies with BOT. The registration of an asset management company must be approved by the governor of the BOT. Also, all transactions, namely, the buying, selling, and transferring of NPLs and NPAs between buyers and sellers, the buying of capital raising shares of a business whose shares are being held by asset management companies, through the process of debt settlement or debt restructuring with debtors; the providing of bad debt management services and the debt restructuring consulting services must be priory reported to, or approved by, BOT, in accordance with the AMC Decree and the amendments thereof, and the BOT's Announcement, No. Sor.Nor.Sor. 5/2562 (2019).

(4) Other related entities

- Participants that are middlemen or the third parties who provide various services and supports to the industry, using their professional knowledge, expertise, and unique abilities, namely.
  - Asset appraisal experts who are responsible for evaluating the value of collaterals of NPLs and NPAs. For example, land, real estate properties, vehicles, etc.
  - Legal consulting offices that are responsible for legal issues and operations and working collaboratively with asset management companies.
- Other related entities in the NPLs and NPAs management industry are, including.
  - Debtors transferred from financial institutions; these are debtors of the portfolio of NPLs bought by asset management companies.
  - NPAs buyers, whether corporate buyers or smaller buyers.

Characteristics of NPLs and NPAs management industry in Thailand

Companies that engage in NPLs and NPAs management may adjust their strategies and operations, in accordance with the business cycle. That is, during the economic downturn, asset management companies may increase their purchases of NPLs and NPAs from financial institutions, as those NPLs and NPAs will mostly occur during the economic downturn. These companies then manage these NPLs and NPAs until the economy restores or expands; they will then sell or auction the collaterals or NPAs. The main business operation of asset management companies involves the purchasing or acquiring of NPLs, NPAs, and collaterals from financial institutions, as previously mentioned. The revenue of asset management companies comes from 2 sources, namely, (1) the debt restructuring and the debt management (NPLs management); and (2) the sales of NPAs or collaterals (NPAs management).

Asset management companies help debtors to restructure their debts through various measures, including initiating the negotiation for the debt restructuring and redefining the payment term. Asset management companies' revenue comes from the interest that they charge from debtors, during the debt restructuring process. Moreover, asset management companies also make profits from selling of collaterals that debtors transfer to them, as part of the repayment. The management and sales of those assets help improve the quality of real estate properties, before they are returned into the system, for economic benefits. The business operation of these companies, hence, is considered as a contribution to the development of the business industry and to the sustainable growth of the economy system. However, in general, the business operation of asset management companies requires quite sometimes before they may realize their revenue. Moreover, such

companies will require employees that are expert in the related operations, whether the negotiation for debt restructuring, as well as the management and improvement of NPAs, to a condition that is desirable for the market. Therefore, for any newcomer into the asset management industry, such a company must possess a strong financial foundation and expert employees. Only then they may survive in this industry.

Competitive dynamics of the industry

The Company and SAM are the top two largest asset management companies of Thailand, according to the amount of their combined assets. These two companies possess the clear competitive edges over other asset management companies, namely, the strength of their capitals, experience in this industry, professional employees, partnered financial institutions who provide loans to customers of these companies, and the distribution and servicing networks that cover the entire country. As a result, these two companies remain the leaders that drive NPLs and NPAs management industry.

(1) The strength of the capital

In order to operate efficiently and to be competitive, asset management companies must possess a sufficient amount of capital to support the expansion of its portfolio of NPLs, by entering into auctions from NPLs sellers. The Company and SAM possess the competitive edge of the strength in their capital; in which no other operators may possibly contest their position of the market leaders in the near future. Moreover, their decent financial history and reputation, as well as the fact that their major shareholder are FIDF, allow these companies to easily access the source of funding, whether the bank's loan, debenture, or other instruments for borrowing.

(2) Experience in the market

The top two largest asset management companies, in term of the total amount of their combined assets, namely, the Company and SAM, were established after the 1997 Asian Financial Crisis. Therefore, these two companies accumulate extensive experience from working in the market. Though the incorporation and registration of a new asset management company doesn't involve much complex processes, however, newcomers in this industry will have to spend sometimes to accumulate experience, to develop the employees, to gain the insight about the market, to develop the required and complete ability, knowledge, and understanding that will allow such a company to correctly evaluate the value of assets and collaterals, as well as to evaluate the related risks correctly, appropriately, and precisely; and ultimately, to operate its business operation efficiently. The top two biggest asset management companies collectively possess the largest portfolio of NPLs and NPAs. They have the advantages of being the first – pioneers of the industry, who collect and accumulate extensive experience in the market. These are something that newcomers won't be able to achieve.

(3) Professional employees

The Company and SAM continuously improve the quality and professionalism of their employees, through the process of selection and human resource development. Their positions as the market leaders and their highly decorated reputation allow the two companies to attract and preserve high-quality employees. Therefore, it will not be an easy task for newcomers in this industry to develop high-quality, experience employees, who possess the same level of expertise as employees of those leading companies. Hence, this is one of the advantages of these two leading companies.

(4) Partnered financial institutions

The Company and SAM have business partners who provide the source of loan for customers that buy assets, namely, the Government Housing Bank, the Government Saving Bank, and TMB Bank. As a result, the Company's customers will have an easier – more convenient access to the source of loan. This is another one of the competitive edges of these two leading companies.

(5) The distribution and servicing networks

The Company and SAM expand their networks to various regions around the country, in order to expand their bases of business operation, to increase the service points, to increase the channels for distributing NPAs back into the market, and ultimately, to improve their overall performance. Such networks allow the Company and SAM to efficiently and thoroughly manage their debtors and assets that spread all over the country. In 2019, The Company has network and service channels that provide the widest coverage in the industry, in comparison to other asset management companies previously mentioned. Those

companies usually have one principal office and a few branch offices in Bangkok and vicinity, and hardly expand their offices to other regions. The investment for expanding the NPAs distribution and servicing network will require a large amount of capital. This might be one of the obstacles that newcomers will have to first conquer, in order to compete against the industry's leaders in the future.

The development of rules and regulations that commercially promote the industry

After the establishment of the first asset management company back in 1998, BOT continuously amends related rules and regulations, during the previous years, in order to improve the competitive capability of asset management companies. The amended rules and regulations provide additional business opportunities to asset management companies. This is accompanied by the increased supplies of NPLs and NPAs within many more banks and financial institutions, in comparison to the past situation. Meanwhile, the scope and definition of NPLs and NPAs had been expanded, whether in terms of the regulation for classification of non-performing loans, collaterals, and investment. At present,according to definitions of NPLs and NPAs, as specified in BOT's Announcement, No. Sor. Nor. Sor. 5/2562 (2019), NPLs and NPAs can be categorized into 4 categories, namely: (1) assets of financial institutions that are classified by the BOT's Announcement, on the subject of the criterion for classification and allocation of reserves of financial institutions, into bad or loss debt, doubtful debt, suspicious debt, and sub-standard debt; (2) classified assets that financial institutions already wrote-off their accounts; (3) non-performing assets; and (4) investments of asset management companies. Also, the increasing numbers of sellers and the par values of NPLs and NPAs will also increase the opportunity to growth of asset management companies, as well as to increase demands of NPLs and NPAs that are also tending to increase in the future.

In general, financial institutions may hold NPAs for a period of 5 years. Financial institutions may request the lenient period of another 5 or 10 years, according to the types of NPAs, as specified in the announcement. The extension of the possession period is only available for the case where financial institutions hold the total amount of NPAs held beyond the limited period that is not accounted for more than 10.0 percent of their capital. If exceed 10 percent, BOT will grant the lenient period of possession only if financial institutions are able to allocate additional reserves, in accordance with the specified minimum reserves. This is considered another burden for financial institutes, as they have to allocate additional reserves for the possession of NPAs. These reserves are subjected to the minimum amount for the first 5 years and will be gradually increased thereafter. The side effect of holding NPAs under the lenient period will limit the financial institutions ability to use such reserves for other tasks. Therefore, financial institutions tend to sell those NPAs to asset management companies before the end of the possession period, where they will be required to allocate additional capital as reserves; in order to reduce the overall burden thereof. Such rules and regulations provide opportunities to asset management companies, as they are able to acquire NPAs from financial institutions at lower prices.

In 2019, additional amendment was made to the AMC Decree, in order to expand the scope of asset management companies' business operation, as they are now able to buy and receive the transfer of, and to provide management services for, NPLs and NPAs from operators in the financial industry that are Non-Bank. The amendment also allows asset management companies to serve as consultants for debtors, financial institutions, or operators in the financial industry, on the subject of debt restructuring. The amendment thereof aims to efficiently solve the problem of Thai household debts. Moreover, the amendment further specifies the taboo of directors and authorized persons in the management of asset management companies, in order to improve the overall transparency of the industry, in accordance with the principle of good corporate governance.

The development trend of the asset management industry of Thailand

Various business innovations help drive the growth of NPLs and NPAs management industry for over 20 years. The forces will remain the important driving forces for further development of this industry in the future. The analysis of NPLs and NPAs management industry of Thailand reveals that asset management companies still have the space to improve their strategies and operations, in accordance with the business cycle. That is,

during the economic downturn, though the performance of asset management companies may tend to decrease with the economic cycle, asset management companies may acquire NPLs and NPAs from financial institutions at a lower cost. This is because the supplies for NPLs and NPAs will be much greater, in comparison to the period of economic expansion. On the other hand, during the economic expansion, asset management companies will be able to sell collaterals and NPAs. As a result of the underlying characteristics of the business operation of this industry, NPLs and NPAs management industry enjoys continuous growth.

The total amount of combined assets of all Non-Bank asset management companies, including the Company, is growing significantly. An important factor for such growth comes from the Islamic Bank of Thailand, as they established the Islamic Bank Asset Management Company Limited in 2016, in order to acquire NPLs and NPAs from the Islamic Bank of Thailand for further management. Moreover, many private asset management companies accumulate significantly larger amount of assets. For example, Mahanakorn Asset Management Company Limited LSF Asset Management (Thailand) Company Limited and J Asset Management Company Limited

Though the total amount of combined assets of asset management companies that are affiliated companies of financial institutions shows to be continuously decreasing, this reflects the conservative nature of business operation of asset management companies that are affiliated compies of financial institutions. However, most asset management companies of financial institutions, for example, Bank of Ayudhaya Asset Management Company Limited Phethai Asset Management Company Limited and TS Asset Management Company Limited are showing highly stable performance and quite low debt-to-equity ratios.

Asset management companies that aren't affiliated companies of financial institutions will have a higher debt-to-equity ratio than asset management companies that are affiliated companies of financial institutions. This is because of Non-Bank companies will require capital for further business expansion, by purchasing more NPAs and expanding their branch offices.

The growth of NPAs and NPLs management attracts many new entrepreneurs into this industry. These newcomers are usually affiliated companies of, or companies that have strategic relationship with specialized financial institutions. For example, SWP Asset Management Company Limited, which registered as an asset management company with BOT and started doing business since July 2014, is an affiliated company of Sisawad Corporation PLC, a provider of auto loans and home loans. Anyway, operators in NPLs and NPAs management business will require lots of capital to conduct their business, which requires sometimes before they may generate any profits. Therefore, larger asset management companies, with extensive experience from working in this industry, will have the competitive edges over these newcomers. That is, larger companies will have more capital available to them, in which they can use in the auction for NPLs and NPAs. Moreover, larger companies will be able to access the source of funding much easier, and with wider options, than smaller companies. As a result, larger companies will have lower financial cost than smaller companies, as they have higher credit rankings, solid reputation, and the economies of scale in their operations.

The overall demands for residences seem to slightly reduce in 2019, whether for residences in Bangkok, vicinity, or other provinces. This is a result of several factors, namely, the stricter measure for controlling the home loans, the new land and property law that will be enforced in 2020, and the shrinking in buying power of low to middle class customers, as a result of the economic downturn and household debts. On the other hand, the price of residence is also increasing, as a result of the increasing demands and the increasing cost of land and construction. Moreover, the supplies of newly constructed – low cost residences tend to reduce, as most of real estate property developers focus on launching expensive projects. This is the result of the slow restoration of the low and middle class market for residences and the much higher profits from launching expensive projects. Therefore, people with low income that are unable to afford or buy the newly launched residential projects may become the targeted customers of second-hand housing providers, as well as of asset management companies.

Asset management companies may also readjust their strategies and operations, in according with the business cycle of the real estate property industry. That is, during the expansion phase of the real estate property industry and when the demands for second-hand residences is rising, there will be a direct – positive influence over the sales growth of asset management companies. On the other hand, asset management companies may acquire NPLs and NPAs from financial institutions at lower prices during the economic downturn, where there will be excessive supplies of NPLs and NPAs.

It is expected that the demands will increase for residences in the ECC zone but decrease for residences in Bangkok, its vicinity, and other provinces; as a result of several factors, namely, the economic downturn, the slow recovery of the economy of those provinces – as a result of the declining prices agricultural products. Therefore, the sales of not so expensive NPAs located in other provinces by asset management companies may be something the market wants. Meanwhile, asset management companies will have the opportunity to buy NPAs located in other provinces at lower prices, as a result of the excessive amount of NPAs available in these provinces and the economic factors of these provinces.

It is evidently clear that the Company will be able to maintain its position as a leading company in the NPLs and NPAs management industry in the long term, as the Company has the largest portfolio of NPAs in this industry, the widest coverage of its branch offices, its ability to easily access the source of funding, and most importantly, the highest profitability, in comparison to other competitors in the industry. Moreover, the economy and the situation of the residential market will continue to positively contribute to the company's business operation, especially in terms of the total sales of NPAs. Meanwhile, as the economy of many provinces isn't yet fully restored, the Company has an opportunity to purchase NPAs at lower prices that it can use to generate further profits in the future. Moreover, as a result of the Company's economies of scale, the Company will be able to access the source of funding with lower interest rates and to have lower operating costs than its competitors. Therefore, the Company is able to continuously maintain its fairly high profitability.

Acquisition of products or services

The Company always looks for the opportunity to buy NPLs and NPAs from domestic financial institutions. Mostly, the Company acquires NPLs through auctions; and sometimes the Company directly acquires NPLs from financial institutions. The Company also acquires NPAs through the auction of collaterals of NPLs that the Company previously manages; from debtors who transfer the collaterals other assets to the Company, as part of the repayment; and from purchasing of NPLs from financial institutions, whether through auctions or direct purchases.

Work-in-process

- None –

Main regulations that are related to the Company's business operation

The Company is under the supervision of BOT, which was incorporated in 1942, under the virtue of the Bank of Thailand Act. BOT is the central bank that is responsible for the country's financial policies. BOT is also responsible for supervising financial institutions and banks in Thailand, under the control and supervision of the Ministry of Finance and the Bank of Thailand Act.

Moreover, The AMC Decree gives BOT and the Ministry of Finance the authority to control and supervise asset management companies. The details of the rules and regulations that are related to the asset management companies of Thailand can be summarized, as follows.

Asset management companies

The AMC Decree was legislated with the aim to solve the problem of bad debts, which are the major obstacle of financial institutes, in their efforts to raise fund and approve loans to the business industry. Moreover, the aforementioned law gives several privileges that allow asset management companies to conduct their business much easier, while allow the financial institutions to focus on conducting their main business, that is, providing the depository and credit services. The law allows financial institutions to transfer their NPLs to asset management companies.

The Company was incorporated under the AMC Decree, which requires all asset management companies to register their incorporation with the Ministry of Commerce, with the minimum registered capital of Baht 25.0 million and with the objectives of managing assets of financial institutions or financial business operators.



Afterward, such companies may submit their request for registration as asset management companies to BOT.

Moreover, asset management companies may raise their funds by: (a) acquiring loan from domestic and foreign sources and (b) issuing shares and debentures, under the laws on securities and stack exchange, or issuing other debt instruments that are permitted by BOT.

Business operations of asset management companies

Business operations of asset management companies are, as follows.

(a) Purchasing or receiving the transfer of NPLs from financial institutions or acquiring assets from financial institutions that are terminated or going out of business, or from companies whose licenses for conducting commercial bank business, financial business, or credit foncier business had been revoked; as well as acquiring collaterals of those assets, for the purpose of managing or selling those assets.

(b) Providing NPLs management services to financial institutions, or to assets of financial institutions that are terminated or going out of business, or from companies whose licenses for conducting commercial bank business, financial business, or credit foncier business had been revoked, as well as acquiring collaterals of those assets.

(c) Purchasing or receiving the transfer of NPLs from financial business operators, as well as acquiring collaterals of those assets, for the purpose of managing or selling those assets.

(d) Providing NPLs management services to financial business operators, as well as to collaterals of those assets.

(e) Providing consultation services to debtors, financial institutions, or financial business, operators, on the subjects of debt restructuring, as well as any related operations thereof.

(f) Conducting any business operations that are related to or involved with the businesses or operations specified in (a), (b), (c), (d)

(g) herein, in accordance with the announcement made by the Minister of Finance, under the approval of the cabinet.

According to BOT's announcement, asset management companies may conduct any operations that are necessary for NPLs management, in order to restore debtors that they purchase or acquire from financial institutions, including, the debt restructuring, entering into a settlement agreement or compromising agreement, or acquiring a company's shares as part of debtors' repayment.



Ownership of real estate properties

Asset management companies are allowed to own real estate properties, without any limitation. Anyway, if asset management companies are affiliated companies of financial institutions, or exist as holdings of financial institutions, in accordance with the AMC Decree the parent companies will be subjected to the regulation on possession of real estate properties as NPAs by financial institutions. As a result, such asset management companies must distribute real estate properties that they acquire within the time limit specified in the BOT's announcement, No. Sor. Nor. Sor. 5/2562 (2019).

Limitation of the charged interest rate

Asset management companies may charge interest from debtors under the original loan agreement at the rate that is not more than the original interest rate, on the acquiring date (with a condition that if the original interest rate is floated rate and there is no basis of interest rate calculation of the original financial institutions for reference, then the charged of interest rate must be subject to the rate specified by BOT. However, in the event where asset management companies allow debtors under the original loan agreement to take out additional loan, for the purpose of increasing the value of the acquired assets, asset management companies may charge the interest rate as per the agreement they make with debtors. This new interest rate will not be subjected to the maximum interest rate of 15.0 percent per year and must not exceed the rate specified by BOT.



The tax-related effects

Exemption of fees and taxes, as a result of acquiring NPLs from financial institutions

The AMC Decree that asset management companies will be exempted from fees and taxes that are related to the acquisition of assets from financial institutions, as per the cabinet's announcement made in the Government Gazette. The exemption can be made in general or for specific companies.

The exemption of the corporate income tax

The Revenue Code gives an exemption for corporate income tax to asset management companies, on their net profits generated from the management of NPLs that they purchased or acquired from financial institutions. This is limited to asset management companies that are held by FIDF, whether directly or indirectly, for not fewer than 95.0 percent of the shares of such asset management companies.

Corporate income tax benefits on the reserves

The Revenue Code gives an exemption for corporate income tax to asset management companies whose shares are held, whether directly or indirectly, for more than 50.0 percent by FIDF, for an amount equals to the additional reserves allocated as an allowance for bad debts or doubtful debts, in accordance with BOT's regulations. The additional reserves eligible for the calculation of the tax benefits herein are the additional reserves recorded in the balance sheet of the previous accounting period.

Moreover, the Revenue Code also allows justice persons to carry forward the tax loss for over 5 years.

The collection of land and property tax

The Land and Property Tax Act B.E.2562 (2019) ("The Land and Property Tax Act") contains provisions on the collection of tax from land and property owners; and specifies the maximum tax rate that will be calculated from the estimated costs of such assets. The maximum tax rate varies, depending on the types of assets, and will be charged as specified in the Land and Property Tax Act, starting from January 1, 2020, and henceforth.

At present, the Royal Decree on Reducing the Land and Property Tax B.E.2563 (2020), which is legislated under the virtue of Article 55, on January 20, 2020. The Royal Decree becomes effective since January 1, 2020, and henceforth; and specifies that all the lands and properties that are NPAs acquired by asset management companies, in accordance with the Asset Management Companies Law (including the Company), for a period of shorter than 5 years, after the day such assets become the companies' properties, will be given with the tax reduction, at the rate of 90 percents of the amount of tax payable.

BOT inspection

The AMC Decree BOT the authority to appoint officials for inspecting and presenting reports on the operations and properties of asset management companies. Such officials have the authority to supervise and control asset management companies, for example, to instruct employees of asset management companies to show the accounting books, documents, or evidence; and the authority to enter into the buildings, facilities, and offices of asset management companies, during normal office hours.

Information technology systems

The AMC Decree play important roles in supporting the Company's operation, internal control system, and business growth. The Company believes that its IT systems are sufficient to support all of its business transactions. The Companies uses IT systems for the preparation of business strategic plans, improvement of its operation and procedures, customer services, and the risk management.

The Company creates the primary computer center (the central data center) at its head office in Bangkok, for the purpose of supporting its operation. The central data center stores data and information that are related to the Company's business. The Company also creates the secondary computer center (the backup data center), for the purpose of supporting its information system restoration plan, in accordance with the Business Continuity Management Plan, in order to backup the

same data and information to the backup data center. Moreover, the Company trains its employees, at least once a year, so they may cope with the emergency situations efficiently and will be able to restore the situation to normal quickly.

The Company implements a data security system, installs a firewall system that detects and prevents intrusion from outsiders, as well as installs anti-virus program in every computer of the Company.

The risk management

The Company emphasizes the risk management, which is one of the main components of good corporate governance; whereas the Company focuses on preparing and preventing any situations and uncertainties that may occur and affect its ability to successfully achieve its goals and objectives. The risk management is implemented both at the organization-level and at the activity-level. The Company also cultivates the concept of risk management as part of its operation.

The Company integrates a risk management system into its business operation, whether at the organization-level, department-level, and operative-level. The management information system allows executives to monitor the risk status at each level; and to connect the risk management system with the Company's database. The company also appoints directors and outside experts to the Risk Management committee, in accordance with the Company's policy, and in order to improve the overall efficiency of the Company's risk management. The Company develops and disseminates knowledge and understanding about the risk management to its employees of every level continuously, in order to limit the risk to a level that is acceptable for the organization. Moreover, the Company's risk management aims at the business continuity management, in order to allow the Company to conduct its business operation continuously.

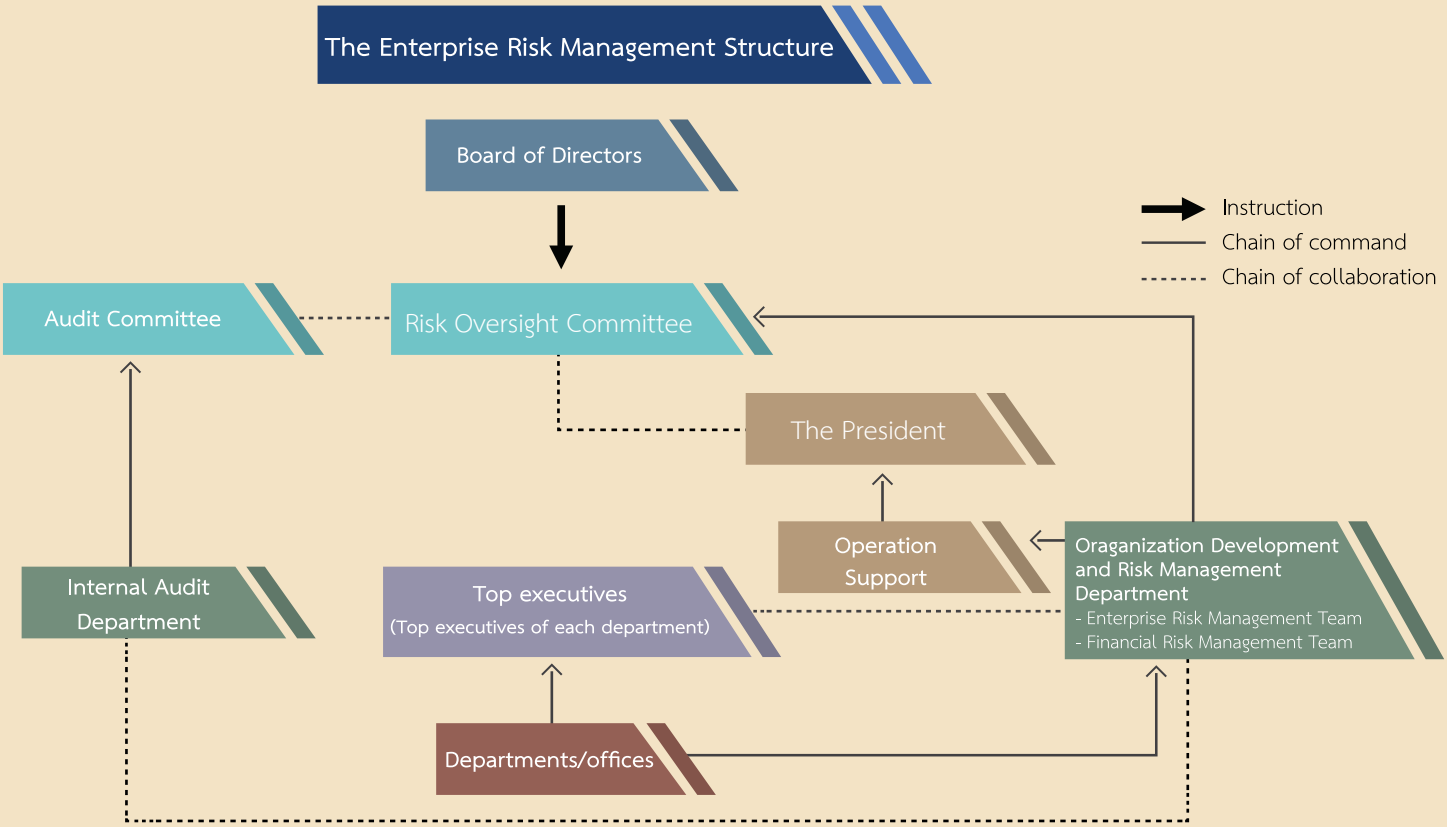
The Company reviews, adjusts, and improves its risk management system continuously, in accordance with the Company's risk management policy/guideline specified by the Board of Directors. Moreover, the risk management system also plays an important role in determining and reviewing the Company's risk management policy/guideline, as per the characteristics of the business operation that covers all the important risks of the Company. The risk management system also specifies the strategies for managing, monitoring, and controlling the organization's risks at an acceptable level for the Company.

The Company realizes that risk management is a very important component of its business operation. Therefore, the Company specifies the risk management guidelines that are appropriate and efficient, in accordance with the characteristic of its business operation. And for this, the Company must study, evaluate, monitor, and manage the risks systemically and continuously, in order to make sure that the Company's executives will understand all the related risks of the Company's business operation, and will be able to manage those risks under the framework specified by the Company.

The enterprise risk management structure

The Company continuously specifies its enterprise risk management, while considering various risks that may prevent the Company from achieving its goals. The Board of Directors instructs all executives to manage the risks involved with the departments that they are responsible for, under the discretion of top executives of such departments and under the supervision of the Risk Oversight Committee. The risk management activities are reviewed by the Internal Audit Department, who present the auditing result to the Audit Committee regularly.

The Company appoints the Enterprise Risk Management Team and the Financial Risk Management Team, under the Organization Development and Risk Management Department, in order to determine the guideline for managing various risks, to analyze those risks, to collaborate, to monitor the result, and to provide their recommendations on the risk management guideline to the organization's employees, and to present the performance report to the Risk Oversight Committee.



As at December 31, 2019

The Company specifies the scope of risk management by classifying its risks into 3 levels, as follows.

(1) Corporate Risk: corporate risks may prevent the Company to fail to achieve its organization-level objectives and goals. Corporate risks are evaluated by top executive of each departments and the Board of Directors, and are under the supervision of the Risk Oversight Committee.

(2) Business Group Risk: business group risks may prevent the Company to fail to achieve its department-level objectives and goals. Business group risks are evaluated by top executives of each department and the Board of Directors, and are under the supervision of the Risk Oversight Committee. However, each department will be responsible for their own business group risks.

(3) Functional Risk: functional risks may are risks that normally occur with the day-to-day operations. Such risks are evaluated by each department and branch, according to the important processes, as well as any processes, in which the department involved may not be able to achieve its plans and goals.

The Company reviews its internal control and risk management regularly, on a yearly basis, through the review and approval of each chain of command (Bottom-up approach) and the review and approval of the top executives (Top-down approach); in order to monitor and review the important risks that may affect the Company's business operation.

Primary roles, duties, and responsibilities of entities that are involved with the Company's risk management

(A) The Board of Directors

(1) Defining the risk management policy, as well as reviewing and approving the Company's annual risk management plan.

(2) Promoting and encouraging appropriate operations, in order to manage the corporate risks.

(B) The Risk Oversight Committee (Order No. 32/2562(2019)

1. Reviewing and approving the risk management criterion/methods.
2. Determining the operational risk management guideline for the organization-, department-, unit-, and office-level; and providing recommendation and consultation on the subjects of risk management.
3. Monitoring the development of risk management guideline and supervising the creation of a risk management system that corresponds with the Company's strategies.
4. Monitoring the risk identification process and evaluating the important corporate risk appropriately, in accordance to the situation.
5. Reviewing and approving the risk management plan.
6. Reporting to the Company's Board of Directors, regarding the progress of the risk Oversight and the corporate risk status.
7. Communicating and coordinating with the Audit Committee, on the subject regarding important risks.
8. Monitoring and promoting further development of employees' ability, the change of the organizational culture, and the continuous improvement of the risk management; in order to make every employee recognize the risks and the risk management of every department.
9. Appointing responsible employees or working groups, in order to ensure the appropriateness and the efficiency of the risk management.

(C) The Audit Committee

1. Independently monitoring the risk management.
2. Coordinating with the Risk Oversight Committee on the subjects regarding significant risks; and linking said risks with the internal control system, in order to allow the Company to manage such risks appropriately and efficiently, on an organization-wide scale.

(D) The top executives

1. Implementing the risk management on an organization-wide scale.
2. Promoting the risk management policy and specifying the risk management process on an organization-wide scale.
3. Monitoring the corporate risk and implement the appropriate risk management plan.
4. Supporting the development of employees' ability, as well as the required tools and systems for the operation.

(E) The Organizational Development and Risk Management Department, including the Enterprise Risk Management Team and the Financial Risk Management Team

1. Preparing and reviewing the risk management policy; specifying the risk management guideline and process for departments/ units/ offices, in order to propose them for the Risk Oversight Committee's approval.
2. Communicating, supporting, and providing recommendation on the risk management process to departments/units/offices of the organization.
3. Monitoring and reporting the risk situation to the executives of each department, the top executives, the Risk Oversight Committee, the Audit Committee, and the Company's Board of Directors.

(F) The Internal Audit Department

1. Supporting top executives and Audit Committee in the monitoring of the internal control system and the risk management.

2. Preparing the audit plan for each department, in accordance with the risk-based approach.
3. Reviewing the risk management.
4. Communicating with the risk management groups, in order to reach an understanding about the risks and the internal audit operation.

Moreover, every employee is responsible for following the risk management policy and guideline specified by the Company. They are also responsible for risk management operation, in accordance with the scope of their responsibility. And for this, the Company communicates and educates its executives and employees about the risk management guideline and policy, as well as about the internal control, risk management, good corporate governance, etc.

The Company's systemic risk management processes and procedures

The Company specifies the risk management processes, which comprise of the following procedures.

(A) Objective setting

The Company variably specifies the objectives and goals for each level, from the organization-level, the department-level, and the unit-level. These objectives and goals are consistent to one another and they are made under the Company's vision, mission, strategic plans, and operational plans. The Company also determines the key performance indicators for each level of those goals.

Setting up objectives is the primary criterion that allows the Company's to identity the situations, evaluate the risks, and respond to such risks efficiently. Also, the objectives must be consistent with the level of risk that is acceptable to the organization (Risk Appetite), which determines the deviation interval of the risk tolerance.

(B) Event identification

The Company analyzes, searches, or identifies situations of risks that may originate from internal or external factors and may affect the organization's achievement of its objectives and goals.

(C) Risk assessment

The Company analyzes the likelihood of risks and impact criteria of said risks, for both before and after the implementation of the current risk control measure. The Company implements both quantitative and qualitative risk assessment tools and after the assessment it deems that the risks are still over the acceptable level, the Company will initiate additional risk management procedures, in order to reduce the level of risk to the level that is acceptable to the Company.

(D) Risk response

After identifying significant risks, and the underlying causes and the acceptable level of such risks, the Company will specify and create the risk management guideline, measures, and polices, as necessary.

The Company respond to or manage risks by choosing:

1. Risk acceptance; this means the acceptance of the potential risks of its operation, under the acceptable level of risks for the organization.
2. Risk reduction; this means additional operations for reducing the possibility or the effects of those risks to the acceptable level.
3. Risk avoidance; this means additional operations for cancelling or avoiding activities that create risks.
4. Risk transfer; this means collaborative risk management where risks are partially divided with other individuals or organizations.

(E) Monitoring

The Company monitors, improves, and reviews its risk management operation, whereas the responsible departments will monitor, improve, and review the Company's risks, in accordance with a clearly defined timeframe. Then the Company will evaluate, respond, and manage the risks found from the monitoring system.

Managing the Company's primary risks

The Company manages its risks by classifying them into 4 types, as follows.

(A) Strategic risks

Risks that occur from the inappropriately defined

strategic plans or the adjustment of the strategic plan that is inconsistent with the organization's internal and external environment. As a result, those risks may affect the Company's ability to achieve its goals, in accordance with its strategic plans and operation plans. Strategic risks may also affect the Company's revenue, financial position, competitive capability, and survivability.

The tool for managing strategic risks

The Company reviews and makes sure that its annual operation plan is consistent with its internal and external environment. The strategic risk management starts from the Company's Board of Directors and executives, as they determine the Company's direction, create the strategic plans while considering the annual risk analysis data, regarding risks that may affect the Company. In this regard, the Risk Map will be used for analyzing the organization's risks, as well as determining the key risk indicators, the acceptable level of risks (Risk Appetite), and the deviation interval of the risk tolerance.

(B) Operational risks

The risks of potential damages that are results of the good corporate governance–related measures and the internal control measures that have been poorly defined. Operational risks involve internal operational procedures, employees, work systems, or external situations that may affect the Company's income and financial position.

The tool for managing operational risks

The Company uses the following tools for managing the operational risks:

- Control Self Assessment (CSA): this is a technique that requires every department to regularly assess and control their risks, on a yearly basis, as well as to determine the correction plan and monitoring plan.
- Key Risk Indicators: this is a technique that must requires every unit to internally monitor the risks of their units. It is a primarily monitoring technique that prevents risks from evolving into corporate risks in the future.
- Logging the loss data: every department will be responsible for logging the damage report of specific risk-related incidents, as well as any other damages that may present operational risks. The data record herein allows each department to develop the risk assessment process and risk management process of their own, in order to implement an appropriate internal control system, and to prevent such damages or losses from ever happening again in the future. Keeping the data record also allows the Company to maintain a database of losses, where it can use for determining the guideline for preventing and mitigating the risks in the future, or for minimizing the effects to its business operation.

(C) Financial risks

1. Liquidity risks: risks that originate from the Company's inability to pay its debts and obligations on time, as the Company is unable to convert its assets into cash, in order to pay the matured debts, or the Company is unable to sufficiently raise fund for such purpose, or the Company have to acquire cash to pay its debts at the financial cost that is higher than the acceptable level. Liquidity risks may affect the Company's revenue and financial positions.

The tool for managing the liquidity risks

The Company determines its risk management policies/guidelines, in terms of liquidity risks and other related risks; and specifies the tools that will be used for monitoring and controlling the liquidity risks by related committees, namely, the Assets and Liabilities Management Committee and the Risk Oversight Committee, as follows.

- Estimating the cash inflows and cash outflows, in order to assess the Company's liquidity, at different intervals, namely, at every 1, 3, 6, and 12 months in advance.
- Analyzing the financial ratios, using:
  - Financial ratios specified by FIDF, namely, the debt-to-equity ratio (D/E)

and the operating cash flow to debt payment ratio.

- Analyzing the projected current ratio, in order to determine or estimate the Company's repayment ability for payable debts, for example, at every 3, 6, 9, and 12 months in advance.

• Performing the stress test of the Company's liquidity.

Moreover, the Company also plans the contingency funding plan for any liquidity-related emergency, whether for the normal situation or during crisis, in order to prepare the access to the source of funding that will be able to provide the Company with sufficient amount of cash flow on time, under the appropriate financial cost, in an event of liquidity-related emergency.

The Company specifies the liquidity risk indicators, namely, the estimated cash inflows and cash outflows from estimation of liquidity of each period (Liquidity Gap), the debt to equity ratio of shareholders, and the stress test. The Company regularly monitors and reports its liquidity, in order to provide the information to the Assets and Liabilities Management Committee, so they may manage the short-term, medium-term, and long-term liquidity appropriately. This information is also an instrument that allows top executives and related departments to learn about the Company's position and the level of existing risks, in order to acquire sufficient amount of funding or to reduce the risks that may occur during the period where the Company experiences negative liquidity or tends to lack of liquidity.

2. Credit risk: credit risks mainly involve the asset quality risk, and involve the business operation of asset management companies, whose revenue does not come from giving credit to their customers but from the management and sales of NPLs and NPAs.

The tool for managing the asset quality risk

• The Company determines the purchasing prices of NPLs and NPAs using related factors of those NPLs and NPAs, for example, debtors' history, debt obligation, the quality of collaterals, the quality of the NPAs, as well as the external environment, such as the competition and the economy, etc; in order to determine the expected revenue from debt collection and assets sales.

• The Company manages its debtors under the debt restructuring agreement, whereas the Company reviews debtors' repayment ability through the Aging system. The system notifies debtors to pay their debt in advance, in order to prevent the default on payment. Debtors who fail to make the repayment will be managed with legal proceedings, in order to reduce the risk from debtors that are unable to follow the debt restructuring agreement.

3. Market risk: market risks come from changes of the market price of collaterasl of NPLs and NPAs. The changes of market prices present the risk to the value of assets, as the market prices fluctuate by the market's condition. Market risk causes the Company's revenue to increase or decrease.

The tool for managing the market risk

The Company reviews the appraisal prices, by applying the BOT Regulation's for financial institutions, whereas the Company will review the appraisal prices of collaterals of NPLs at every 3 years; and review the appraisal prices of NPAs at every 1 year, or at any other interval if the situation has significantly changed. The Company also sets aside the sufficient reserves and the allowance for impairment of assets, in order to cover the potential damages from the depreciation and the impairment of collaterals of NPLs and NPAs.

(D) Compliance risk

Compliance risks comes from the Company's failure to follow the laws, rules, regulations, standards, provisions, orders, and guidelines that are enforceable over any business transactions. The compliance risks may lead to financial loss, prosecution, or damages to the Company's reputation or image.

The tool for managing the compliance risk

The Company specifies the operational methods and procedures for managing the compliance risk, based on the standards specified by supervising organizations, professional standards, and the laws. The Company also seeks the opinions from BOT on its annual operation inspection, in order to stimulate constant improvement of its operation.

And for this, the Company creates the Compliance Department, with the primary role and responsibility of reviewing the operation of every department, and making sure that they are complying with the rules, regulations, orders, articles of association, as well the regulations of the government or supervising authorities. The Compliance Department collaborate with the supervising authorities, government organizations, external organizations, as well as internal organization; in order to define the measures, regulations, orders, and operational guidelines that are complying with the rules and regulations of the government or the supervising authorities, in terms of the anti-money laundering regulation, anti-terrorism funding regulation, and anti-weapon of mass destruction spreading regulation, the guideline of the anti-Money Laundering Office (AMLO), the rules and regulations on information technology supervising, the Personal Data Protection Act B.E.2562 (2019), the Cyber Security Act B.E.2562 (2019).

Besides those 4 types of the aforementioned risks, the Company also manages other risks, including, the risk of its reputation. The Company has many tools to manage its reputation-related risks, including, the customer satisfaction survey, the complaint handling system that accepts and manages complaints from insiders and outsiders, through various channel, such as, personal submission of complaints through the customer relations department, executives, or directors, submission of written complaints directly to the Company or through the Company's website, as well as other channels provided by the government organizations. The Company also appoints a team that continuously monitors any information that is related to the Company, in order to prevent or reduce the risk on its reputation or image.

The company also emphasizes the business continuity management and the management of external risks that are beyond the Company's ability to control, such as, natural disasters, flood, fire, terrorism, riot, strike, epidemic, etc. And for this, the Company appoints the Business Continuity Management Committee, with the responsibility of preparing the business continuity management policies and plans. The Company also creates the backup data center, in case of disasters and the secondary operation center, whereas it tests its business continuity plan (BCP) regularly, at least once a year.





Risk Factors

Risk factors that are related to the Company's business

Liquidity-related risks

The Company's business is capital intensive and the Company must maintain its liquidity at an appropriate level at all times. The lack of liquidity may affect the confidence of our counterparties and stakeholders, for example, our lenders and financial institutions for example, its creditors, financial institutions that sell their non-performing loans (NPLs) and non-performing assets (NPAs) to the Company, etc. Factors that may negatively affect the Company's liquidity are, including, changes in macro-economy, currency market, and government's policies that aren't favorable to the Company's business operation. As well as the Company's ability to procure the loan with commercially acceptable terms and conditions, stricter supervision of related supervising authorities, the Company's inability to sufficiently collect the payment from its NPLs and NPAs management business or to achieve the targeted strategic goals.

In general, the Company issues the promissory notes for payment of the price of NPLs and NPAs that it acquires. Since the Company will have to pay quite a high amount for the debt instruments and loans where the payment is due, such payment may occasionally affect the Company's liquidity, and may limit or reduce the Company's ability to acquire a larger amount of NPLs and NPAs.

Moreover, some of the Company's loan agreements contain covenants that allow lenders the right to adjust the interest rate in the event where FIDF holds fewer than 40.0 percent of the Company's shares. At present, FIDF holds 41.5 percent of all paid-up capital stocks of the Company. As of December 31, 2019, the total amount of outstanding debts made under loan agreements that contain such provisions is approximately Baht 17,904.6 million. The increased interest rate of those loan agreements may negatively and significantly affect the Company's liquidity, financial position, and performance.

The Company may not be able to manage its cash flow efficiently, which will further affect the Company's ability to purchase NPLs and NPAs and to allocate its capital for loan payment. In this case, the Company may have to seek alternative sources of capital, under non-commercially acceptable terms and conditions. The Company may even not be able to find an alternative source of capital. And this will negatively affect the Company's business, financial status, and performance.



The Company's risks of not being able to acquire and purchase NPLs and NPAs at a sufficient amount and at appropriate prices will significantly affect the Company's growth, competitive capability, financial status, and performance

The Company's ability to generate revenue and cash flow and to sustainably expand its business depends on its ability to acquire and purchase NPLs and NPAs at a sufficient amount and at appropriate prices. However, the Company's success in acquiring and purchasing NPLs and NPAs relies on several factors, many of which are beyond the Company's control. For example, changes in the economy and real estate market of Thailand, competition in the bidding for NPLs and NPAs of financial institutes, and the Company's ability to access the source of capital. Moreover, the Company's business relies on (a) changes of the legislation, regulation, or the government's policy that are enforceable on the Company; and (b) policy, financial position, and business operation plan of individual financial institute on the loan, NPLs and NPAs management. Because of the complexity and inter-dependency of those factors, most of which are beyond the Company's control, the Company may not be able to acquire NPLs and NPAs at a sufficient amount and at appropriate prices. This will significantly affect the Company's growth, competitive capability, financial status, and performance.

The Company may not be able to collect the payment from its debtors and, hence, unable to generate the revenue and cash flow from NPLs management, as per the Company's goals. Majority of the Company's performance depends on its ability to collect the payment from its debtors and to efficiently manage NPLs; and depends on its debtors' ability to pay their debts, whether partly or wholly

The generation of revenue and cash flow from the Company's NPLs relies on several factors, including the Company's ability to efficiently manage NPLs within the appropriate period, as well as other factors, most of which are beyond the Company's control, For example, the ability of its debtors to pay back the debt, whether partly or wholly. This is because the Company's customers, namely, NPLs, usually have an insecure financial position, poor performance, require extensive financial aids, or possess negative net assets. Some of these debtors are undergoing the bankruptcy process or debt restructuring process. If the Company is unable to restructure these debt and enforce repayment, the Company may have to rely on other methods, in order to generate revenue from its NPLs, for example, by means of the litigation, transfer of assets and disposal of the assets by way of sale and enforcement of underlying collateral. These methods will take quite a long time to complete, involve high expenses, and could be inefficient. The Company may also have to follow the laws, regulations, and the government's policies that are in effect at that time; whereas the result might be as the Company expects. Moreover, in some cases, the Company may not be the first priority on enforcement of our collateral and may be subject to claims by other creditors that have priority over our claims.

Moreover, the Company may not be able to collect a sufficient amount from enforcement of collateral to covers all of its financial cost and investment; or the Company may even be unable to collect any money at all. Moreover, during the rehabilitation process initiated under the court's order and the bankruptcy law, if the court agrees to the rehabilitation plan, which is approved by the majority of the creditors of the debtor. The Company may have to accept a rehabilitation plan that isn't profitable for the Company. In the future, the court may even rule the underlying collateral to be void and null, or deny to enforce the collateral The Company may, therefore, receive a limited return-on-investment or even suffer a loss out of those processes. The Company may not be able to collect the debt from its debtors and may not be able to realize the revenue from such NPLs as it has previously predicted. This will significantly affect the Company's financial status and performance.

The real estate market of Thailand is highly fluctuating and this may affect the Company's ability to generate revenue and cash flow out of the collaterals underlying NPLs and NPAs

The Company faces the risk from the condition of the real estate market of Thailand as all of the real estate collateral securing NPLs and real estate NPAs, are located in Thailand. The Company's ability to generate revenue and cash flow, therefore, depends on the liquidity and the condition of the real estate market of Thailand. If the market's condition isn't going as it expects, the Company's sales and prices of its real estate properties may decline and the Company may have to take a longer period before such properties will fully generate the revenue. As a result, the Company may have to sell those assets under the terms and conditions of purchase and sales agreement that cause the Company to receive a less amount of profits or have to sell those properties at the lower prices than it has previously predicted. Moreover, the downturn of the real estate market of Thailand may cause the Company to face difficulties in selling its real estate properties, or to face a higher cost of retention of those properties. Moreover, the value of the collateral securing NPLs and NPAs may shrink and, therefore, the Company will have to record the higher allowance for doubtful accounts of loan purchased or allowance for impairment of properties for sale.

The real estate market of Thailand is under the influence of various factors, which are beyond the Company's control, such as the condition of macro-economy, interest rates, inflation rates, household debts, city expansion rate, personal net income, current demands and supplies, etc. Moreover, if the government announces new laws, regulations, provisions, or policies that may directly or indirectly affect the growth of the real estate company, such legislations may negatively generate significant effects over the Company's ability to generate revenue and cash flow out of collateral securing and NPAs. This may also significantly and negatively affect the Company's revenue, profitability, financial status, and performance.

The risk from NPLs and NPAs inspection process that fails to completely or correctly prepare the required information that may lead to the error with the determination of purchasing prices of NPLs and NPAs

Most of NPLs and NPAs acquired by the Company do not have definitive market prices, therefore, in order to determine purchase prices of these NPLs and NPAs, the Company has to consider various factors. For the case of NPLs, those factors are, including, competition, forecast debt collection from NPLs, collateral value, and debtors' history. For the case of NPAs, those factors are, including, asset appraisal, using the data regarding those assets that the Company receives, and assets inspection (Due Diligence), whereas the Company conducts on its own, the estimation of related expenses for managing and selling such assets, as well as the current situation of the market and the competition. Therefore, in an event where the Company is unable to inspect the status and/or select NPLs and NPAs effectively, the Company may not be able to gain a worthy return-on-investment or may even face loss.

Before purchasing any NPLs and NPAs, the Company will inspect and verify their status, as the Company deems appropriate, by considering facts and related-environmental factors to the purchasing of those particular NPLs and NPAs. After all this time, and in the future, the Company does so by using information acquired from financial institutions that sell such NPLs and NPAs to the Company. The information acquired herein may not be entirely complete or correct and may not reveal all the related facts that are necessary or beneficial for the Company's decision making to make the purchase. And though the Company generally sends its employees into the field, to survey the assets, the company may have no access to the underlying collateral when inspecting NPLs. As a result, the Company are subject to unknown encumbrances or unexpected condition at a particular asset and, therefore, the company may mistakenly estimate the price of NPLs and NPAs at the higher price than the commercially reasonable price based on lack of complete and accurate information. These factors may affect the Company's profitability, financial status, and performance. For example, the Company may not

identify encumbrances on the underlying collateral or ensure that the company will obtain title to the underlying assets free of any defects. In the past, the Company had acquired incomplete and incorrect information about some real estate properties before and, as a result, the Company mistakenly set the purchasing price. Though, in general, financial institutions give the Company the right to return NPLs and NPAs that the Company buys, within a period of time specified in the purchase and sales agreement, if the information provided by financial institutes that sell those NPLs and NPAs is incorrect or incomplete. However, the Company may not be able to realize the defect or error of such information within the specified period. And these factors may affect the return-on-investment that the Company may receive from NPLs and NPAs.

For the pricing method, the Company's employees that are responsible for inspecting the property's status will have to rely on their discretion, various assumptions, personal experience, and personal opinion. The result may not be accurate or doesn't reflect the real value of the property. In general, the Company inspects the property's status and bases its evaluation and pricing decision on the information acquired from financial institutes that sell those NPLs and NPAs. And for this, the Company will use the estimated numbers of debt collection and assets selling in its evaluation and determination of the purchasing price. This process fulfills and completes the Company's asset status inspection process. If the estimated numbers of debt collection and assets selling aren't accurate or complete, or cause significant misunderstanding, any decisions made based on this information will cause the risk of failing to acquire NPLs and NPAs under the given goals. Moreover, each inspection conducted by the Company may present further error, whether from the case of higher evaluated price, the Company's inability to appraise the assets within a limited time, etc. Even though they may be insignificant errors but when combine these errors may significantly affect the Company's overall profitability. Moreover, the Company may mistakenly make the decision to purchase NPLs and NPAs at the price that is higher than the commercially reasonable price of that particular asset. And this will negatively affect the Company's financial status and performance.

The risk from the Company's asset appraisal, where the Company has to make several assumptions and, as a result, the estimated value of NPLs and NPAs may not accurately reflect the true value of those NPLs and NPAs that the Company will realize after selling them off

The appraisal of the collateral underlying NPLs and NPAs, which are currently depicted on the Company's financial statements, was conducted using BOT's regulation for financial institutions. The Company conducts the appraisal using External appraisers under the SEC's approval list, as well as the Company's internal appraisers. Each appraiser may have to exercise his discretion while he considers some factors, for example, the historical reference price. They may have to make several assumptions that are prone to further modification and may not be entirely accurate or complete or may not reflect the true value of the asset. Moreover, the estimated value of the Company's NPLs and NPAs isn't a determinant of the purchasing price of those NPLs and NPAs and doesn't guarantee that the Company will be able to sell them at that price, whether at present or in the future. The actual prices of the NPLs and NPAs sold by the Company may be lower than their estimated prices. Therefore, the inaccuracy of the appraisal conducted by external appraisers or the Company's internal appraisers, and the pricing method used by the Company, may influence the Company's decision making on specifying the targeted return-on-investment from the Company's NPLs, debt restructuring strategy, and the price of NPAs. These factors may negatively affect the Company's business, financial status, and performance.

The risk from the allowance for doubtful accounts of loans purchased and impairment of properties for sale that may not accurately reflect the actual impairment loss

The Company continuously makes the estimation of the allowance for doubtful accounts of loans purchased and the allowance for impairment of properties for sale. And the Company realizes impairment loss that conforms to the aforementioned estimation of the impairment loss.

At present, the Company makes the estimation of the allowance for doubtful accounts of loans purchased, based on the regulation specified by BOT for financial institutions, which adjust and implement the regulation in their transaction appropriately. The estimation of the allowances mentioned above relies on several factors. For example, for the case of NPLs, these factors are, including, the appraisal of the underlying collateral within the specified period, which is subjected to the provision specified by BOT, the schedule, the financial limit, and the overdue debt, as well as the cash flow expected to receive from the debt restructuring. And for the case of NPAs, these factors are, including, the appraisal of the asset within the specified period, the latest value of the assets, types, and characteristics of NPAs. Changes of these factors may potentially cause a fluctuation within the allowance for doubtful accounts of loans purchased and may further affect the Company's financial position and performance. Moreover, after the Company implements TFRS9, the Company may, in general, record an increased amount for the allowance for impairment of properties for sale, in comparison to the figures recorded on its financial statements created under the current accounting standard. And this may also affect the Company's financial position and performance.

Anyway, the amount that the Company may be able to collect from NPLs and NPAs may also depend on many other factors, many of which are beyond the Company's control, namely, the debtor's financial statement, competency, and willingness to pay back the debt, the competency of the debtor's warrantor to honor the obligation, the ability to realize the revenue from underlying collateral, as well as the economy condition, legislation, and supervision of related authorities of Thailand. The Company's estimation, evaluation, and forecast of these factors may not be certain or may be different from the actual outcome. Also, the allowance for doubtful accounts of loans purchased and the allowance for impairment of properties for sale herein may not reflect the actual value of the impairment loss. These factors may negatively affect the Company's financial position and performance.

The enforcement of Thai Financial Reporting Standard Number 9 ("TFRS9") may affect the financial report that is related to the Company's business

The Federation of Accounting Professions of Thailand ("FAP") issued an announcement of Accounting Profession, No. 22/2018 on TFRS9. This standard specifies the accounting method for recognizing and measuring the value of financial assets and financial debts. TFRS9 was announced on the Government Gazette, dated September 21, 2018; which requires all businesses to follow the new financial reporting standard for the preparation of financial statements of the accounting periods that start on January 1, 2020, and henceforth. Once this new financial reporting standard becomes effective, the Company expects that some accounting policies that are related to the Company's business will be affected, as follows.

1. The recognition of revenue gained from buying debtors is now recognized using the actual interest rate adjusted by the credit-based risks, The recognition of revenue gained from buying debtors is now recognized using the actual interest rate adjusted by the credit-based risks, using the accrual basis; whereas this actual interest rate adjusted by the credit-based risks will be calculated on the day the Company acquires the debtors. This is an interest rate used for adjusting the expected cash flow that the Company expects that it will later collect for each non-performing debtor, during the entire term of the debtor, in order to cover the cost invested in acquiring that particular debtor. And for this, at the end of every accounting period, the Company will review the appropriateness of the expected cash flow that the Company expects to receive from that particular non-performing debtor. The Company will then re-calculate the book value of the financial assets, using the new expected cash flow, adjusted with the original actual interest rate of that particular debtor;

and the Company will record the difference, whether as profit or as the impairment loss, in its consolidated profit and loss statement.

2. The determination of the allowance for doubtful accounts of loans purchased, the Company will recognize the expected credit loss during the entire term of the loan it provides to debtors, on the day the Company acquires those debtors, without the need to consider whether those debtors present any significantly increased credit risks, after the day they were acquired by the Company.
3. For the investment in the capital instrument, the Company may re-assign this type of investment into a financial asset that is expressed in the form of the fair value through profits or loss; or as a financial asset that is expressed in the form of the fair value through other comprehensive income items. And for this, at the end of every accounting period, the investment put into the capital instrument on the stock exchange, and the investment put outside the stock exchange, will be expressed in the form of the fair value through other comprehensive income items. The accumulated result of the change of the fair values previously recognized in the other comprehensive income items will no longer be recognized as profits and loss.

Implementing TFRS9 in its operation may affect the financial position of any companies that prepare their financial statements under the Thai Financial Reporting Standard, including the Company. The extent of this effect depends on several factors, including the component of the financial statement of particular companies on the effective date of TFRS9 and the forecast of the macro-economy in the future.

At present, the Company is unable to forecast the extent of the enforcement of TFRS9 over its performance and financial position. However, the Company expects that the initiation and enforcement of TFRS9 will significantly affect the Company's financial position and performance.

The Company is currently preparing the organization for the implementation of TFRS9 and this may cause some changes in the expected credit loss of its financial assets, related-credit management, and the business and financial operation. Moreover, the implementation of TFRS9 may cause the overall allowance for impairment loss to increase, in comparison to the result gained using the current accounting standard.

FAP may further amend the accounting standard and the reporting standard that regulate the preparation of financial statements. In this case, the Company may have to apply these standards to its business operation; or if the Company deems appropriate, the Company may implement such amendments before they will be officially in effect. However, such changes will significantly affect the Company's business, financial position, and performance.

The risk from its business operation in the management of NPLs and NPAs, as well as the Company's enormous possession of assets that are subjected to the strict supervision of related authorities; and the change in the rule and regulation that may negatively affect the Company's business, financial position, and performance

The Company's business of managing NPLs and NPAs is under the strict supervision and the Company must strictly follow the regulation, in accordance with the related rule, guideline, and policy. For example, in its debt restructuring, appraisal, distribution of the mortgage securities and NPAs; the rule, regulation, and method for NPAs management, debt collection, writing-off the doubtful accounts, tax-related regulations, and accounting standard. Moreover, as the Company owns so many real estate properties, the Company must also observe and follow all the related rules, regulations, provisions, guidelines, and policies. For example, the land and building tax law, the environment law, the country planning law, etc.

In this sense, the Land and Property Tax Act, was announced on the Government Gazette, on March 12, 2019. This act is effective and substituting the House and Land Tax B.E.2475 (1932) and the Land Development Tax B.E.2508 (1965). But though the new Land and

Property Act specifies the new rate for taxing the land and building that will be used on January 1, 2020 and henceforth, there are many important factors that aren't yet clear. For example, the tax rate that will be used for taxation, the tax base, and the tax burden mitigation or reduction measure; which have to be further announced as part of a royal decree. Therefore, the Company is unable to correctly evaluate the potential effects until all the related subordinate legislations and regulations will be announced. Whereas the Company may face an increased, tax-related expense from the lands and real estate properties owned by the Company. The increase of tax-related expenses may negatively and significantly affect the Company's profitability, financial position, and performance.

The Company's business operation can be affected by the change in the laws and regulations that are related to the financial business or the real estate property business of Thailand. If the Company is unable to adjust itself to all these changes in a timely fashion, such failure can negatively and significantly affect the Company's business, financial position, and performance. Moreover, there is the issue of uncertainty with the interpretation and enforcement of the new policy, law, regulation, or accounting standard; whereas if the Company is unable to observe and follow such change, the Company can be subjected to the legal punishment or there can be negative effects over the Company's business, financial position, and performance.

The enforcement risks in respect of the guarantor and the mortgagor that isn't the primary debtor

The law doesn't require the guarantor to be liable to the same extent as the primary debtor (for example, the provision that requires the guarantor to be jointly and severally liable as the primary debtor). If the guarantee agreement contains any term and regulation that violate this provision, such an agreement will be null and void and the guarantor may exercise his right to refuse to pay the debt. This provision does not apply to the case where a guarantor is a juristic person, which is capable of taking the liability to the same extent as the primary debtor.

If the creditor fails to follow the provisions of the Civil and Commercial Code, the guarantor or the mortgagor that isn't the primary debtor can be relieved of their liability specified by the law. For example, when the debtor is default with his payment and the credit doesn't issue a notice to the guarantor or the mortgagor that isn't the primary debtor within the period specified by the law, the guarantor and the mortgagor that isn't the primary debtor will be relieved (as the case may be) of their liability to pay the interest, the indemnity, and any accessory obligations, after the period specified by the law that the creditor must issue a notice to the guarantor or the mortgagor has expired. Moreover, for the case of guaranteeing or pledging mortgage for the debt that other persons must pay, whereas it is a debt with definite deadline for payment, if the creditor gives lenient period to the primary debtor without the consent of the guarantor or the mortgagor that isn't the primary debtor, as a result, the guarantor or the mortgagor that isn't the primary debtor will be relieved of their liability. Therefore, in order to restructure the debt that has a guarantor or the mortgagor that isn't the primary debtor, the Company may have to acquire the consent from the guarantor or the mortgagor, in order to make sure that the guarantee provided by that guarantor or mortgagor will remain effective after the debt restructuring. This process limits the flexibility of the Company's debt restructuring process, whereas if the Company fails to receive the consent from the guarantor or the mortgagor that isn't the primary debtor, the Company may have less available options for debt restructuring or compromising and, as a result, the Company may have to enforce the mortgage, which is normally a costly and time-consuming process.

Moreover, the liability of the mortgagor that isn't the primary debtor is only limited to the value of the mortgage securities, as any terms and conditions that require the mortgagor to be liable to a greater extent than the value of the mortgage securities will be null and void. However, for the case where a debtor is a juristic person or an authorized signatory, that has the authority to manage or control the operation of that juristic person, who pledges his property as mortgage securities. Such a person will be able to enter into a debt guarantee agreement for the same juristic person thereof, and thus,

will be liable for the debt, to the higher extent than the value of the pledged mortgage securities.

Though the Company defines several measures under the requirement of the law to reduce the potential effect of the amendment of such law, the Company still believes that the amendment of such law will still significantly affect the Company, especially over the Company's right under the debt guarantee agreement or the mortgage agreement for the Company's NPLs, for the case where such an agreement isn't made in accordance with the aforementioned provisions of the law. Moreover, though the Company's process of enforcing the debt payment from the debtor may not be significantly affected by the change, but the enforcement of debt payment with the guarantor and the mortgagor that isn't the primary debtor will be more a difficult and time-consuming process, as the Company will have to follow the additional steps specified by the law. And this may negatively affect the Company's financial position and performance.

The risk from the possibility that the Company will have to be responsible for the legal dispute or other disputes that the Company may, from time to time, involve

In its normal course of business operation, the Company may involve some legal and other disputes. In general, these disputes may arise when (a) the Company seek to recover outstanding amounts from debtors, repossess or dispose of collateral or enforce guarantees, pledges or mortgages or (b) the Company and the contracted parties that purchase or sell the underlying assets to NPLs or NPAs may request the court to issue a legal warrant of each party's right. Moreover, the Company may face a lawsuit or have to involve other disputes from its normal course of business operation. For example, the debtor that is unable to make the debt payment may refuse the Company to seize his property and brings the dispute to the court. Another example is for the case where the Company initiates legal actions against a debtor and said debtor makes a counterclaim. In an event where the Company anticipates that it may face the damage from the lawsuit, whether the one that is already filed or about to, or the damage from any other disputes against the Company, the Company will record the estimated debt from the lawsuit, in accordance with the related accounting policy or the Company's internal policy, and in according with the Thai Financial Reporting Standard (TFRS) and the Thai Accounting Standard (TAS). Also, the court's ruling or decision on the disputes herein may not be favorable to the Company, and the estimated debtor from the lawsuit may not be able to cover the actual damage from the court proceedings or other disputes. And for this, if the Company's estimated risk has changed, the Company's estimated debt from the lawsuit may change accordingly.

Moreover, such lawsuits and disputes may lead to further investigation and inquiry initiated by the related supervisory organizations. This may affect the Company's reputation and increase its cost and expense for dealing with such disputes. The Company may have to reallocate the resource used for its main business operation for such a process. Also, in its normal course of business operation in the future, the Company may have to face other legal disputes and other disputes. And the suspension of the Company's business operation, as a result of the court proceedings or ruling against the Company, its directors or executives will negatively and significantly affect the Company's business, reputation, financial position, performance, and business opportunity.

The risk from the concentration that may affect the Company's business and growth strategy

The Company possesses several major NPLs. As of December 31, 2019, customers who own those major NPLs of the Company are accounted for 3.9 percent of the net loan the Company provides for acquiring its debtors. The first 10 customers who own those major NPLs of the Company are accounted for approximately 8.0 percent of the net loan the Company provides for acquiring its debtors. Therefore, if any of these major debtors are unable to make the payment due in time or make the default with their payment, from whatever reasons; or if the Company is unable to receive the full amount back from the underlying collaterals or fails to receive any payment from collateral enforcement, this will negatively and significantly affect the Company's financial position and performance.

Moreover, many of the Company's NPAs are located in Bangkok and vicinity. The Company is, therefore, facing the risk of the shrinking land price. Any factors that contribute to such an outcome will negatively and significantly affect the Company's business, cash flow, financial position, and performance.

The risk of unsatisfied debtors of the Company and protestors may damage the Company's reputation

The Company's business involves the negotiation of debt restructuring, debt collection, and/or the collateral enforcement. These operations may stimulate dissatisfaction among its debtors. In the past, there was an incident where a group of debtors came to protest against the Company at its principal office and some of its branch offices, demanding the Company to reduce their debts. Though the Company's business wasn't affected by such an event, the Company's performance and its relationship with debtors, and its reputation among debtors can be affected if such an incident of the same nature happens again in the future. The potential damage against the Company's reputation may further affect the Company's business and its relationship with its customers, debtors, and other contracted parties. In the past, the Company was sued by debtors who didn't satisfy with the Company and such an incident may occur again in the future. As a result, the Company will have to endure related expenses for the legal proceedings, have to face potential liability from the lawsuit, etc. Moreover, criticism against the company or distribution of negative information against the Company may lead to more lawsuits or objections, which will become obstacles in the Company's business operation. These incidents may negatively and significantly affect the Company's business, reputation, financial position, and performance.

The risk of error or mistake in the performance of the Company's employees or actions of outsiders

The Company has a risk management system and the internal control system that covers its entire business operation. The Company also has protective measures and policies for monitoring its performance and compliance with related rules and regulations. The objectives of these systems are to manage any related risks that may occur to the Company's business, for example, the risk of money laundering, corruption, misconduct, or other illegal activities. And for this, the Company creates 3 committees, namely, the Audit Committee, the Corporate Governance and Social Responsibilities Committee and the Risk Oversight Committee; so they may, together, supervise and manage the Company risks. The Company also provides risk management tools to its departments, so they may use these tools to evaluate the sufficiency of their department's internal control system, on a yearly basis. However, the Company still faces the risk of error or mistake in the performance of its employees, where they may deviate from the specified policies; or even the risk of actions of outsiders, such as representatives or customers, which are beyond the Company's control. Their failure to observe such policies will negatively and significantly affect the Company's financial position and performance.

The risk of depending on main executives and skilled employees

The Company's success depends on the Company's ability to attract and maintain its main executives and employees, who have the insightful knowledge and understanding of its operations, and the extensive experience of working in the financial business and the real estate property business. These employees are, including, senior executives, skilled employees in the asset appraisal, marketing, and sales, as well as employees of other operations. Pertaining to characteristics of the Company's business, the Company requires employees who have specialized skills. Therefore, the Company arranges training courses for its employees regularly. However, the Company may not be able to maintain its skilled executives and employees, and may not be able to find appropriate replacements of those top employees or employees who have specialized knowledge and skills, within the appropriate period of time. Or the Company may not be able to find the replacements at all or it may have to face further cost and expense for recruiting and training the new employees. All of these may negatively affect the Company's business, financial position, and performance.

The risk from the Company's information technology system that becomes faulty

The Company's business operation requires the use of information technology (IT) systems and the data processing system. The failure of these systems may lead to financial loss, interruption of business operation, or damage to the Company's reputation.

Seamless and smooth business operation, the control of accounting and financial operation, risk management, and customer services are all depending on the Company's IT systems. The failure of IT systems may originate from the employees' mistake or other incidents that are out of the Company's control, for example, software-related issues, hardware-related faults, virus computer infection, natural disaster, the lack of an up-to-date IT system, issues regarding the tool and equipment, failure of the electrical system, etc. The Company improves its IT systems, creates the Business Continuity Plan (BCP) and creates the Disaster Recovery Center (DRC) – so the Company will be able to quickly restore the system's functions within 24 hours and to mitigate potential effects from the interruption of the Company's main transactions. However, the interruption of the Company's IT systems that continues for an extensive period of time will greatly reduce its capability to verify and manage the data, and will affect its risk management, accurate record keeping, high-quality customer services, and financial control, as well as the overall operation of the Company. Though the Company arranges the inspection of its IT systems against related regulations regularly, the Company is unable to warrant that such an inspection will be able to prevent the failure of its IT systems in the future. Moreover, though the Company commits a large number of resources for cyber-security, electronic data encryption, and other security measures. Cyber security-related events may still occur to the Company's IT systems and data processing system, for example, the violation, intrusion, theft, infringement of the Company's know-how and personal information, data leak, or general corruption. Therefore, the Company's inability to thoroughly, completely, and quickly resolve the problems of its IT systems may cause the delay or interruption to the Company's significant business operation. As a result, the Company may be liable to the outcome or may lose its reputation. This will negatively and significantly affect the Company's business, financial position, and performance.

The risk from the possibility that the Company's insurance may not entirely cover all of the Company's damages

In general, the Company seeks insurance coverage against 3 types of risks, namely, (a) director and officer liabilities insurance, (b) building insurance of the Company's facility that cover all risks, including liability for the third party, and (c) fire insurance for buildings on collateral underlying NPLs and NPAs. Though the Company believes that it has acquired insurance policy that covers potential damages and though the Company intends to maintain the coverage from such insurance, such insurance may not be able to entirely cover the potential damage or loss in the future (for potential damages to the Company's NPLs and NPAs that aren't from fire) sufficiently. If the Company's insurance doesn't cover such damage and loss, the outcome will negatively and significantly affect the Company's financial position and performance. However, if the Company chooses to expand the insurance coverage, it will have to pay the premium at a higher rate. And the Company may also not be able to acquire insurance policy with the coverage that provides the desired economical benefits, or the Company may not be able to acquire insurance policy at all.

The risk of accident or intruder at the Company's real estate properties

The Company may face the problems from various situations, regarding the real estate properties it owns, for example, in an event of an injury that occurs on the Company's real estate properties or vicinity, or in the event of an intruder who comes into and uses the Company's property illegally. Previously, most of the intrusion-related cases were the case of intrusion that occurred before the Company's acquisition of such properties. However, the inspection and protective measures that the Company uses with its real estate properties may not be able to protect against accidents, intrusion, hostile possession, and any and all types of

wrongful use of its real estate properties efficiently. Therefore, the Company may face the claim for damages from those injured persons, or intruders may illegally occupy or use the Company's real estate properties. The Company may have to make some arrangements and spend lots of expenses to re-acquire its possessory right over its real estate properties; or the Company may not be able to possess that particular real estate properties. The outcome may potentially devalue the properties themselves. In the past, the Company faced with the problems where it was unable to get into the properties it acquired or assigned from the compulsory performance, as there were active intruders on the properties. This will delay and affect the Company's recognition of the value of such real estate properties and, as a result, it may negatively affect the Company's financial position and performance.

The risk from the effect of the new trade competition law of Thailand

The Trade Competition Act B.E.2560 (2017) ("The Trade Competition Act"), which became in effect since October 2017, as well as any subordinate legislations of this Act, specifies the 4 provisions for promoting independent and fair trade competition, as well as providing every entrepreneur with fair opportunities (Level Playing Field); namely (a) prohibition of entrepreneurs with the power to control the market from using such power over the market unfairly, (b) supervision over the merging or acquisition that will limit the trade competition, or the merging or acquisition by or between entrepreneurs with the power to control the market, (c) prohibition of commercial agreement that will limit the trade competition (Restrictive Agreement), and (d) prohibition of any unfair trade-related activities.

And for this, the Company is at risk of being considered as "an entrepreneur with the power to control the market", in accordance with the Trade Competition Act, under the regulation specified by the Trade Competition Committee. As a result, the Company may have to subject itself under the related regulations on the prohibition of using power over the market unfairly or without proper causes. This may negatively affect the Company's business.

The risk of accessing or using data that may affect the Company's reputation and may negatively affect the Company's business

The Company has to process lots of customers' data in its business operation. Therefore, the Company faces the risks involving the access and management of a large amount of data, including.

(a) The protection of data that the Company collects and stores within its IT systems, as well as the protection against the intrusion of the IT systems by outside intruders or against the error of the Company's employees.
(b) Prioritization of data privacy, disclosure, and protection.
(c) Observation of the related law on the use and disclosure of personal information.

Thailand starts to recognize the importance of laws and regulations on cyber security and personal information protection, as evidently shown by the Personal Data Protection Act, B.E.2562 (2019) ("The Personal Data Protection Act"), which was announced in the Government Gazette on May 27, 2019. The Personal Data Protection Act is the first information protection legislation of Thailand and once this Act becomes fully in effect, as well as after the subordinate legislation of this Act is announced within one year after the effective date of the Act, any individuals and entrepreneurs, including the Company, must collect, use, or disclose personal information while strictly follow the procedure and provision of such Act. This includes the transferring of personal information to other countries. At present, the Company's has a dedicated working group for preparing the Company's compliance with the Personal Data Protection Act, and the Cyber Security Act, B.E.2562 (2019); in order to promote and support the Company to prepare itself and be ready to conduct its business operation correctly, in accordance with those two acts.

In terms of the Company's operation to keep up with the changing legislation, the Company may have to commit more resources or to pay more expenses, or the Company may even have to change its business operation or privacy-related policy, which may negatively affect the Company's business. Moreover, the Company's

failure to observe and obey the law and regulation that are related to cyber security and personal information protection, whether those currently in effect and those that may be announced in the future, will subject the Company to legal dispute, fine, and legal punishment, as well as the damage to its reputation.

Moreover, the changes in customers' expectations and demands for personal data protection may limit the Company's ability to gather and use the data that it acquires from its operation. This may adversely affect its ability to provide its services. The result thereof will negatively and significantly affect the Company's business, reputation, and financial performance.

The risk of the government expropriation to its real estate properties

According to the Expropriation of Immovable Property Act, B.E.2530 (1987) (as well as the amendments thereof), the government has the authority to expropriate any immovable property to serve its objections, including those necessary activities for the purpose of public utility, national defense, agriculture, country planning, or other public benefits, according to said law. The government has the authority to make an announcement in the Government Gazette and to expropriate any immovable object as a case of emergency, in order to allow the government to use said immovable object before the expropriation process is complete. In the past, the Company was affected by the expropriation of real estate properties of its NPAs and of the collateral NPLs. Though the government pays the surrender value for the expropriated property, the amount thereof may not be able to cover all of the Company's costs and expenses for acquiring those expropriated properties. This may negatively affect the Company's financial position and performance.

The risk of the case where the Company has to seek alternative sources of capital at a higher cost

Previously, the Company acquires its capital from various sources, including the bill of exchange, debt instruments, and loans from commercial banks. According to the current rule of BOT, when commercial banks buy the Company's promissory notes or debt instruments or when banks become the Company's creditor by giving it a loan, banks may treat these instruments as liquid assets, whereas the bank will don't have to maintain a fund for supporting the credit risk. However, after the Company initiated its IPO on December 16, 2019; commercial banks are no longer able to treat the Company's promissory notes or debt instruments as liquid assets. Banks now have to maintain the fund for hedging against credit risk from being the Company's creditors. As a result, commercial banks may reduce the amount of promissory notes accepted, or the amount of their investment in the Company's debt instrument, or the amount of loan given to the Company, under the same return-on-investment ratio; and the Company will have to seek alternative sources of capital at a higher cost.

The risk of the reduction of the Company's credit rating

As of December 31, 2019, the Company's credit rating, which was evaluated by Fitch Ratings (Thailand) Co., Ltd. (Fitch), was "AA". The Company expects that one of the factors Fitch used for credit rating's evaluation was the fact that FIDF, which is a juristic person supported by the government, was the shareholder of the Company, for over 99.9 percent of its shares before IPO. Therefore, if Fitch or other credit rating companies consider the reduction in the shareholding ratio of FIDF may affect the Company's crediting rating, the Company's credit rating can be adjusted after this IPO. If the Company's credit rating is decreased, some investors that are able to invest only in the assets of companies with high credit rating (Investment Grade) may not be able to invest their money in the Company's assets. And this will negatively affect the Company's ability to acquire capital source under the term and condition and/or interest rate that will provide commercial benefits to the Company which, in turn, may negatively and significantly affect the Company's business, cash flow, financial position, performance, and business opportunity.

The risk from the protest or strike of the Company's employees

Though the Labor Relations Act, B.E. 2538 (1995) does forbid the Company's employees from participating in a strike. The Company will not be able to guarantee

that its employees will not participate in any protest or strike. The protest or strike of the Company's employees may disrupt its business operation. As a result, this may negatively and significantly affect the Company's business operation, financial position, and performance.

Though, at present, none of the Company's employees become members of any labor union, this fact may very well change in the near future. If the Company's employees become member of the labor union and the Company is unable to negotiate beneficial agreements with the labor union, or if the Company faces the interruption of its business operation or labor-related issues at any of its branches, this may negatively and significantly affect the Company's business, performance, and financial position.



Related risks of the financial industry of Thailand

The risk from changes in the macro-economy and the market that may significantly affect the Company's business

The Company's performance is subjected to the general condition of the macro-economy, related policies, and the fluctuation of the money market and capital market, including but not limited to, the financial cost, the fluctuation of interest rate, the inflation rate, the Company's ability to acquire short term and long term capital, the trend of financial industry, the government's financial, fiscal, and foreign currency exchange policy, the fluctuation in currency value, tax policy, as well as laws and regulations that affect the financial industry.

The shrinking of the financial industry or the economic downturn, as well as the certainty generated by the global financial situation, trade wars between nations, and public debt crisis in many countries, may negatively affect the confidence of investors and the global money market. Moreover, investors' concerns regarding inflation, the cost of energy, geopolitics issues, the acquisition of loan and the cost of the loan, unemployment rate, consumers' confidence, shrinking asset value, fluctuation in the capital market, changes of stock prices, and liquidity will negatively affect the market.

The situation of the macro-economy and the downturn of the market will negatively affect the quality of the Company's NPLs, the value of the collateral underlying NPLs and NPAs, the Company's business and business opportunity, as well as its liquidity and ability to seek capital source under terms that are commercially beneficial to the Company. These factors may negatively affect the Company's business, cash flow, financial position, and performance.

The risk of increasing interest rate that may negatively affect the Company

The increasing interest rate may present negative effects to the Company in various dimensions. In general, the increasing interest rate (or the market's prediction that the interest rate will increase in the future) will cause the Company's financial cost to increase. Moreover, the increasing interest rate may cause the reduction of the buyer's demand for NPAs and this, as a result, may negatively affect the Company's ability to sell those NPAs under terms that are beneficial to the Company.

Moreover, the increasing interest rate will also negatively affect the financial security of debtors with the floating rate. As a result, whether directly or indirectly, the debtor's ability to pay the loan may decrease and this will, in turn, increase the rate of the default payment and decrease the average rate of the debt payment. These outcomes may negatively affect the Company's ability to generate cash flow, its return-on-investment, and estimated collection of outstanding debts and, as a result, will worsen the Company's financial position and performance.

The risk from the event where the Company's major shareholders may conduct actions which cause negative effects to the Company

Though FIDF holds the Company's shares at under 41.5 percent (as of December 11, 2019) of its issued and paid-up shared capital, it still remains one of the Company's major shareholders. As long as the Company's major shareholders maintain the proportion of shareholding that gives them the majority of the voting right, they will maintain an important part in the Company's decision-making process of any issues that require the

approval of the shareholders' meeting, including the appointment of the Board of Director. Moreover, such major shareholders may exercise their voting rights in the Company's shareholders' meeting to acquire the resolution they want, though such resolution may conflict with the interest of the Company and other shareholders.

The risk of holding the Company's Shares

The price of the Company's Shares can fluctuate, which may lead to significant loss of investors who buy the Company's Shares.

The fluctuation of the price of the Company's Shares depends on various factors, which are beyond the Company's control, namely.

(a) The situation of the country.
(b) The people's viewpoint toward the business opportunity of the Company's business operation and toward the industry in general.
(c) The situation of the country.
The people's viewpoint toward the business opportunity of the Company's business operation and toward the industry in general.
The difference between the Company's financial performance and actual performance and the financial performance and actual performance expected by investors and analysts.
(d) Analysts' recommendation or viewpoint against the Company's securities.
(e) The liquidity of the Company's common stock.
(f) Changes of various factors that affect the financial industry, the economy in general, or the atmosphere of the stock exchange, or other incidents and factors.
(g) The announcement of other companies in the same industry.
(h) The general fluctuation of stock prices in the stock exchange

Therefore, from the influence of the aforementioned factors, as well as other factors, the Company's common stocks may be traded at a much lower price than the offering price.

The risk from the event where the Company or the Company's major shareholders may sell Shares and the availability of large amounts of Shares may cause share price to decrease

Under SET's regulation, regarding the Listing of Ordinary Shares and Preferred Shares as Listed Securities B.E.2558 (2015), as well as the amendments thereof; and according the leniency given to the prohibition that prevents the Company's executives, shareholders, or related individuals to sell the Company's Shares during the specified period. A total of 1,480,000 shares holding by major shareholder, which are accounted for 45.8 percent of its registered capital, will be banned from trading, for a period of 1 year and 6 months, after the Company's IPO. At the end of the lock-up period, investors may face negative effects from the reduction of share price.

The Company is unable to foresee the potential effects of future sales, or the availability of Shares for future sales at any given moment in the future. Sales of substantial amounts of Shares in the public market, or the perception that such sales may occur, may negatively affect the share price in the market.

The risk from the Company's ability to pay the dividend

The Company's ability to pay the dividend depends on its future financial performance which, in turn, depends on the success of its business operation, in accordance with its strategic plans; as well as on other factors, including, financial factors, competition, supervision of related authorities, the economy in general, demands for and selling prices of the Company's assets, as well as other factors that are related to the Company's industry or to specific projects of the Company. All of these factors are beyond the Company's control. Moreover, the Board of Directors may recommend the reduction or withhold of dividend payment for any period, as it deems appropriate. Or the Company may not be able to make profits in the future or the Board of Directors may not approve the dividend payment event if the Company makes good profits.

Moreover, according to the Public Limited Companies Act B.E.2535 (1992) ("PLCA"), if the Company

has an accumulated deficit, the Company will never be able to pay the dividend, even in the year that it has net profits. Also, for the year where the Company makes net profits, it has the duty under PLCA, and according to the Company's regulation, to allocate some of the net profits of that year as a reserve, for not less than 5.0 percent of the net profits of that year, minus the total accumulated deficit, until the Company's reserve is more than 10.0 percent of the Company's registered capital. If the Company is unable to sufficiently make profits or if the Company deems that it is appropriate, it may not pay the dividend in the future.

The Company's shareholders may face the limitation of their subscription right to buy the Company's new shares in the future

Although a limited public company doesn't have to present the subscription right to its original shareholders before issuing the new shares, however, any limited public companies will have to, from time to time, issue new shares, by allocating these shares to the original shareholders, proportionately to their shareholding ratio. In an event where the Company proposes or gives the subscription right to the shareholders of its ordinary shares to buy new shares, or any other rights in any other forms, the Company has the right to exercise its discretion with the proposal of new shares to its shareholders. The Company may not be able to propose the subscription right to buy new shares to foreign shareholders from some countries, except for the case where the Company has already followed the related procedure. For example, the Company will not be able to propose the subscription right to American shareholders who hold its shares except (a) they have the listing of securities proposal that is in effect under the Securities Act of United States of America; or (b) the proposal of subscription right for the new shares or the proposal of the new shares to shareholders under the exception provided by the Securities Act of United States of America. The compliance with securities-related legislation or provisions of the rule and regulation of some countries may limit the investors' right to buy the new shares proportionately to their shareholding ratio and, as a result, the issue of new shares will reduce the shareholding ratio of those investors. Also, the Company doesn't have the duty to issue the registration of its shares in any countries, in order to allow foreign investors to exercise their subscription right to buy the new shares proportionately to their shareholding ratio in the future.



Assets Used In The Business Operation

Fixed assets

The detail of the Company's fixed assets, as of December 31, 2019, is, as follows.

Assets	Ownership	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. Land	Owner and lessee	787.2	None
2. Buildings	Owner and lessee	169.6	None
3. Building improvements	Owner and lessee	137.3	None
4. Equipment	Owner	149.1	None
5. Work in Progress	Owner	0.1	None
Total		**1,243.3**	

Land

(a) The following table depicts the list of lands owned by the Company.

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 99, Surasak Road, Silom Sub-district, Bang Rak District, Bangkok (4-0-47)	Location of the Head office	535.5	None
2. 330/1-3, Moo 5, Phai Kwang – Lat Tarn Road, Tarahat Sub-district, Mueang Suphan Buri District, Suphan Buri Province (0-1-51)	Location of the branch office	1.7	None
3. 127, Phahonyothin Road, Pak Phriao Sub-district, Mueang Saraburi District, Saraburi Province (0-1-99)	Location of the branch office	5.4	None
4. 603, Petchkasem Road, Huai Chorakhe Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province (0-0-74.8)	Location of the branch office	1.8	None
5. 194/2, Songphon Road, Ban Pong Sub-district, Ban Pong District, Ratchaburi Province (0-1-31.1)	Location of the branch office	10.6	None
6. 227/27, Baromtrilokanart Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province (0-3-93)	Location of the branch office	4.3	None
7. 168/1-2, Sanambin Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province (0-0-42.8)	The Company's official residence for employees	0.6	None

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
8. 1250/9-10, Moo 10, Phahonyothin Road, Nakhon Sawan Tok Sub-district, Mueang Nakhon Sawan District, Nakhon Sawan Province (0-0.52.6)	Location of the branch office	2.1	Part of the location is under the urban servitude and used as underground drainage
9. 246 Thanalai Road, Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province (0-1-1.6)	Location of the branch office	13.6	None
10. 207/11 Kaew Nawarat Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province (0-1-40)	Location of the branch office	9.8	None
11. 115 Charoen Mueang Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province (0-1-89)	Location of the branch office	18.5	None
12. 399 / 7-8 Highway-Lampang-Ngao Road, Suan Dok Sub-district, Mueang Lampang District, Lampang Province (0-0-38)	Location of the branch office	3.0	None
13. 235 Charoen Mueang Road, Nai Wiang Sub-district, Mueang Phrae District, Phrae Province (0-1-78.05)	Location of the branch office	8.9	None
14. 30 Pho Klang Road, Nai Mueang Sub-district, Mueang Nakhon, Ratchasima District, Nakhon Ratchasima Province (0-2-44)	Location of the branch office	20.6	None
15. 165, 167 Phosri Road, Mak Khaeng Sub-district, Mueang Udon Thani District, Udon Thani Province (0-1-80.3)	Location of the branch office	24.7	None
16. 292 Na Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen Province (0-1-53.1)	Location of the branch office	19.0	None
17. 7 Kantharalak Road, Warin Chamrap Sub-district, Warin Chamrap District, Ubon Ratchathani Province (0-1-10.7)	Location of the branch office	2.7	None
18. 83 / 5-7 Village No. 2, Sukhumvit Road, Samet Sub-district, Mueang Chon Buri District, Chonburi Province (0-0-96)	Location of the branch office	9.7	None
19. 79 Sukhumvit Road, Tha Pradu Sub-district, Mueang Rayong District, Rayong Province (0-1-43.2)	Location of the branch office	21.0	None
20. 41 Village No. 2, Petchkasem Road, Khao Noi Sub-district, Pranburi District, Prachuap Khiri Khan Province (0-2-34.8)	Location of the branch office	11.0	None
21. 14-14 / 1-2 Talad Mai Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani Province (0-0-75.6)	Location of the branch office and the temporary branch office[1]	2.1	None
22. 257 Petchkasem Road, Hat Yai Sub-district, Hat Yai District, Songkhla (0-0-82.8)	Location of the branch office	24.9	None

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net accounting value, as of December 31, 2019 Baht (in millions)	Encumbrance
23. 79, 81 Phiphakdi Road, Sateng Sub-district, Mueang Yala District, Yala Province (0-0-169)	Location of the branch office	6.0	None
24. 5/5, 5/11 Chaofa Nok Road (National Highway 402) Chalong Road, Mueang Phuket District, Phuket Province (0-0-63.8)	Location of the branch office	2.0	None
25. Pak Nakhon Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat Province (0-1-69.7)	Location of the branch office[2]	18.8	None
26. 242 / 8-9 Soi Vibhavadi Rangsit 82, Sanam Bin Sub-district, Don Mueang District, Bangkok (0-0-72)	Location of the branch office	9.0	None
Total		**787.2**	

Note [1] As of the day of this report, Phuket Branch Office (Temporary Office) is located on the 2nd floor of the Surat Thani Branch Office, as the branch office is undergoing a renovation.

[2] The Company entered into a land purchase and sales agreement, for the land that will be used as the location of the new Surat Thani Branch Office. The transferring of ownership of said land was registered on August 21, 2018. As of the day of this report, the location of this office hasn't been assigned with the house number yet and was undergoing the designing phase for the construction of the branch office.

(b) The following table depicts the list of lands leased to the Company.

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 108 / 16-17 Mahachak Pradap Road, Na Mueang Subdistrict, Mueang Chachoengsao District, Chachoengsao Province (0-0-50)	Location of the branch office	-	None
2. 101/8 Phatthanakan Khu Khwang Road, Khlang Subdistrict, Mueang Nakhon Si Thammarat District Nakhon Si Thammarat Province, (0-0-65.6)	Location of the branch office[1]	-	None
Total		**-**	

Note [1] The Company entered into a land purchase and sales agreement, for the land that will be used as the location of the new Surat Thani Branch Office. The transferring of ownership of said land was registered on August 21, 2018; for the price of 8 million Baht.

Building

(a) The following table depicts the list of buildings owned by the Company.

Characteristics and locations	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 19-story, reinforced-concrete building (including the basement and the roof) 99, Surasak Road, Silom Sub-district, Bang Rak District, Bangkok	Location of the Head office	106.9	None
2. 3 and a half-story, reinforce-concrete building (including the mezzanine and the garage); 330/1-3, Moo 5, Phai Kwang – Lat Tarn Road, Tarahat Sub-district, Mueang Suphan Buri District, Suphan Buri Province	Location of the branch office	0.7	None
3. A reinforced-concrete building; 127, Phahonyothin Road, Pak Phriao Sub-district, Mueang Saraburi District, Saraburi Province	Location of the branch office	15.6	None
4. 3-story, commercial building (not including the roof and the mezzanine); 603, Petchkasem Road, Huai Chorakhe Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province	Location of the branch office	1.5	None
5. 3-story, reinforced-concrete building (including the mezzanine); 194/2, Songphon Road, Ban Pong Sub-district, Ban Pong District, Ratchaburi Province	Location of the branch office	1.5	None
6. 1-story, reinforced-concrete building (including the mezzanine) 227/27, Baromtrilokanart Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province	Location of the branch office	0.1	None
7. 3-story, reinforced-concrete building (including the mezzanine and the roof); 168/1-2, Sanambin Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province	The Company's official residence for employees	0.7	None
8. 3-story, reinforced-concrete building (including the roof); 1250/9-10, Moo 10, Phahonyothin Road, Nakhon Sawan Tok Sub-district, Mueang Nakhon Sawan District, Nakhon Sawan Province	Location of the branch office	0.8	None
9. 3-story reinforced-concrete building (including the garage at the basement and the roof); 246 Thanalai Road, Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province	Location of the branch office	2.2	None
10. 5-story, reinforced-concrete building (including the roof); 207/11 Kaew Nawarat Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province	Location of the branch office	3.1	None
11. 3-story, reinforced-concrete building, 115 Charoen Mueang Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province	Location of the branch office	1.9	None
12. 4-story, reinforced-concrete building ; 399 / 7-8 Highway-Lampang-Ngao Road, Suan Dok Sub-district, Mueang Lampang District, Lampang Province	Location of the branch office	1.2	None
13. 3-story, reinforced-concrete building; 235 Charoen Mueang Road, Nai Wiang Sub-district, Mueang Phrae District, Phrae Province	Location of the branch office	1.1	None

Characteristics and locations	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
14. 3-story, reinforced-concrete building (including the mezzanine and the garage); 30 Pho Klang Road, Nai Mueang Sub-district, Mueang Nakhon, Ratchasima District, Nakhon Ratchasima Province	Location of the branch office	2.1	None
15. 2-story, reinforced-concrete building (including the mezzanine and one-story garage building); 165,167 Phosri Road, Mak Khaeng Sub-district, Mueang Udon Thani District, Udon Thani Province	Location of the branch office	2.5	None
16. 3-story, reinforced-concrete building (including the mezzanine, the roof, and the garage); 292 Na Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen Province	Location of the branch office	2.3	None
17. 3-story, reinforced-concrete building (including the roof); 7 Kantharalak Road, Warin Chamrap Sub-district, Warin Chamrap District, Ubon Ratcha thani Province	Location of the branch office	0.7	None
18. 3 and a half-story, reinforced-concrete building; 83 / 5-7 Village No. 2, Sukhumvit Road, Samet Sub-district, Mueang Chon Buri District, Chonburi Province	Location of the branch office	1.0	None
19. 4 and a half-story, reinforced-concrete building; 79 Sukhumvit Road, Tha Pradu Sub-district, Mueang Rayong District, Rayong Province	Location of the branch office	5.0	None
20. 4-story, reinforced-concrete building; 41 Village No. 2, Petchkasem Road, Khao Noi Sub-district, Pranburi District, Prachuap Khiri Khan Province	Location of the branch office	1.2	None
21. 4-story, reinforced-concrete building; 14-14 / 1-2 Talad Mai Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani Province	Location of the branch office and the temporary branch office[1]	1.5	None
22. 4-story, reinforced-concrete building; 257 Petchkasem Road, Hat Yai Sub-district, Hat Yai District, Songkla Province	Location of the branch office	5.7	None
23. 3-story, reinforced-concrete building; 79, 81 Phiphakdi Road, Sateng Sub-district, Mueang Yala District, Yala Province	Location of the branch office	1.5	None
24. 3-story, reinforced-concrete building; 5/5, 5/11 Chaofa Nok Road (National Highway 402) Chalong Road, Mueang Phuket District, Phuket Province	Location of the branch office	4.0	None
25. 4-story, reinforced-concrete building (including the mezzanine and the roof), 2 shops; 242 / 8-9 Soi Vibhavadi Rangsit 82, Sanam Bin Sub-district, Don Mueang District, Bangkok	Location of the branch office	4.9	None
Total		**169.6**	

Note [1] As of the day of this report, Phuket Branch Office (Temporary Office) is located on the 2nd floor of the Surat Thani Branch Office, as the branch office is undergoing a renovation.

(b) The following table depicts the list of buildings leased to the Company.

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 3 and a half-story, commercial building; 108 / 16-17 Mahachak Pradap Road, Na Mueang Subdistrict, Mueang Chachoengsao District, Chachoengsao Province	Location of the branch office	-	None
2. 2-story, commercial building; 101/8 Phatthanakan Khu Khwang Road, Khlang Subdistrict, Mueang Nakhon Si Thammarat District Nakhon Si Thammarat Province	Location of the branch office[1]	-	None
Total		**-**	

Improvement

(a) The following table depicts the list of building improvement owned by the Company.

Characteristics and locations	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 99, Surasak Road, Silom Sub-district, Bang Rak District, Bangkok	Office	50.3	None
2. 330/1-3, Moo 5, Phai Kwang – Lat Tarn Road, Tarahat Sub-district, Mueang Suphan Buri District, Suphan Buri Province	Office	0.5	None
3. 127, Phahonyothin Road, Pak Phriao Sub-district, Mueang Saraburi District, Saraburi Province	Office	-	None
4. 603, Petchkasem Road, Huai Chorakhe Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province	Office	5.2	None
5. 194/2, Songphon Road, Ban Pong Sub-district, Ban Pong District, Ratchaburi Province	Office	5.4	None
6. 227/27, Baromtrilokanart Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province	Office	8.2	None
7. 168/1-2, Sanambin Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok Province	Company's official residence for employees	0.0	None
8. 1250/9-10, Moo 10, Phahonyothin Road, Nakhon Sawan Tok Sub-district, Mueang Nakhon Sawan District, Nakhon Sawan Province	Office	4.8	None

Characteristics and locations	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
9. 246 Thanalai Road, Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province	Office	3.7	None
10. 207/11 Kaew Nawarat Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province	Office	2.8	None
11. 115 Charoen Mueang Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai Province	Office	6.0	None
12. 399 / 7-8 Highway-Lampang-Ngao Road, Suan Dok Sub-district, Mueang Lampang District, Lampang Province	Office	3.5	None
13. 235 Charoen Mueang Road, Nai Wiang Sub-district, Mueang Phrae District, Phrae Province	Office	3.1	None
14. 30 Pho Klang Road, Nai Mueang Sub-district, Mueang Nakhon, Ratchasima District, Nakhon Ratchasima Province	Office	2.1	None
15. 165,167 Phosri Road, Mak Khaeng Sub-district, Mueang Udon Thani District, Udon Thani Province	Office	2.2	None
16. 292 Na Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen Province	Office	1.9	None
17. 7 Kantharalak Road, Warin Chamrap Sub-district, Warin Chamrap District, Ubon Ratchathani Province	Office	1.6	None
18. 83 / 5-7 Village No. 2, Sukhumvit Road, Samet Sub-district, Mueang Chon Buri District, Chonburi Province	Office	0.0	None
19. 79 Sukhumvit Road, Tha Pradu Sub-district, Mueang Rayong District, Rayong Province	Office	0.0	None
20. 41 Village No. 2, Petchkasem Road, Khao Noi Sub-district, Pranburi District, Prachuap Khiri Khan Province	Office	6.1	None
21. 14-14 / 1-2 Talad Mai Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani Province	Office and temporary office[1]	5.7	None
22. 257 Petchkasem Road, Hat Yai Sub-district, Hat Yai District, Songkla Province	Office	9.2	None
23. 79, 81 Phiphakdi Road, Sateng Sub-district, Mueang Yala District, Yala Province	Office	3.8	None
24. 5/5, 5/11 Chaofa Nok Road (National Highway 402) Chalong Road, Mueang Phuket District, Phuket Province	Office	8.3	None

Characteristics and locations	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
25. Pak Nakhon Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat Province	Office	-	None
26. 242 / 8-9 Soi Vibhavadi Rangsit 82, Sanam Bin Sub-district, Don Mueang District, Bangkok	Office	2.9	None
Total		**137.3**	

Note [1] As of the day of this report, Phuket Branch Office (Temporary Office) is located on the 2nd floor of the Surat Thani Branch Office, as the branch office is undergoing a renovation.

(b) The following table depicts the list of improvements of buildings leased to the Company.

Location and size (Rai – Ngarn – Sqaure wah)	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. 108 / 16-17 Mahachak Pradap Road, Na Mueang Subdistrict, Mueang Chachoengsao District, Chachoengsao Province	Office	0.0	None
2. 101/8 Phatthanakan Khu Khwang Road, Khlang Subdistrict, Mueang Nakhon Si Thammarat District Nakhon Si Thammarat Province	Office	0.0	None
Total		**0.0**	

Equipment

The following table depicts the list of equipment owned by the Company.

Type	Objectives of possession	Net book value, as of December 31, 2019 Baht (in millions)	Encumbrance
1. Furniture	Supporting the Company's business operation	26.5	None
2. Office appliances	Supporting the Company's business operation	9.7	None
3. Vehicles	Supporting the Company's business operation	79.4	None
4. Computers	Supporting the Company's business operation	33.5	None
Total		**149.1**	

Equipment

Intangible assets

Item	Objectives	Net book value, as of December 31, 2019 Baht (in millions)
Computer programs	Supporting the Company's business operation	15.4
Total		**15.4**

Also, on January 29, 2016, the Company registered its trademarks, service marks, the logo with the Department of Intellectual Property, Ministry of Commerce, in order to prevent outsiders from registering the Company's trademarks and the potential dispute of the right to use those trademarks in the future. Also, under the terms and conditions of the Company's registration of its trademarks, the Company expressed its intention of not solely taking the right to use the abbreviation "BAM" (or "บสก", in Thai), as it is a normal string of texts that aren't made with specialized characteristics, in accordance with Article 17 of the Trademark Act, 1991 (as well as the amendment thereof.) The registration of trademarks herein will be in effect for a period of 10 years, after the day of the registration. The registration can be renewed for a period of 10 years at a time.

Insurance agreement

The Company has a policy of obtaining fire insurance coverage for the buildings located on the lands which are collateralized under our NPLs and on the lands on which our NPAs are located and of appointing itself as the beneficiary of the insurance policy. The insured amounts will cover the appraised value of the buildings.

Moreover, the Company acquires property insurance agreement for the coverage of its Head office and branch offices and auto insurance agreement for the coverage of its vehicles, as per the following details.

Property Insurance Agreement for the principal office and branch offices

Insurer	Thai Insurance Public Company Limited
Insured	The Company
Beneficiary	The Company
Insured property	Structure and building (not including the foundation); decoration and renovation thereof; advertisement board, equipment, components or any parts of the advertisement boa that are in the Company's name (but not commercially used boards); furniture, fixed decoration and installation, computers (not including notebook) and computer equipment of the principal office and all branch offices
Insurance term	December 31, 2018 (16.30 hours) to December 31, 2019 (16.30 hours)
Sum insured	A total amount of Baht 1,276,535,165.09
Policy type	Property risk insurance
Coverage /limited liability	1. Insurance against all types of risks for physical damage or loss of the insured properties, as a result of any accidents, all types of external causes; under the terms, conditions, and exceptions of the standard property insurance form (OIC Standard Form) Limited liability applied to the following perils that occur to the principal office and branch offices of the Company: 1.1 Storm, flood, earthquake, volcano eruption, underwater wave or Tsunami, and hail 1.2 Damage or loss from theft, with clear signs of intrusion of the insured properties; plunder and robbery 1.3 Damage or loss against electrical appliances

1.4 Damage or loss against permanently installed glass panels and/or glass panels that are integral parts of the structure.

1.5 Damage or loss against machinery.

2. Third party liability

The insurer agrees to be responsible for paying the indemnity on the Company's behalf for the damage or loss against the third party that the Company is liable, in accordance with the law, or as a result of its business operation or in relation with its insured business operation; under the sum insured of the limited liability, for the following losses.

2.1 The loss of life and body; injury, illness, or the health of the third party.

2.2 The loss or damage of the third party's property

Property Insurance Agreement for Don Mueang Branch

Insurer	Thai Insurance Public Company Limited
Insured	The Company
Beneficiary	The Company
Insured property	Structure and building (not including the foundation); decoration and renovation thereof.
Insurance term	September 30, 2019 (16.30 hours) to December 31, 2020 (16.30 hours)
Sum insured	A total amount of Baht 7,538,000.00
Policy type	Fire insurance
Coverage /limited liability	Insurance against damage of the insured property, as a result of: 1. Fire, but not including the damage from: 1.1 Explosion that is a result of fire; except for the explosion of gas used for illumination or living-related purpose. 1.2 Direct or indirect damage from the earthquake. 1.3 Damage against the insured property from: 1.3.1 Natural fermentation or eruption or spontaneous combustion occurred only to the property; or 1.3.2 The reaction occurred to the property that is undergoing any process that involves heat or drying. 2. Lighting strike 3. Gas explosion of the gas used for illumination or living-related purpose; but not including the gas explosion caused by the earthquake. 4. Damage from additional special perils specified in the policy. This policy does not cover: 1. Damage from war, civil war, rebellion, coup, insurrection, strike, disturbance, terrorism action, revolution, the declaration of martial law or any situations that are probable causes for the declaration or continuation of martial law.

2. Direct or indirect damage from the following causes.
   2.1 Radiation or diffusion or radioactive fuel or radioactive waste, as a result of the combustion of radioactive fuel.
   2.2 Radioactive explosion or nuclear explosion or other hazardous materials that may explode during the nuclear reaction.

3. Damage against property in which the insured has the right to claim the damage or receive the indemnity from marine insurance policy or transportation insurance policy; except for the amount of damage that exceeds the sum insured under those policies.

4. The following assets.
   4.1 Products that are under the protection of the insured that acts as a custodian.
   4.2 Silver bars or silver ornaments or gold bars or gold ornaments or jewelry.
   4.3 Antiques or art objects; for the case where the total damage exceeds 10,000 Baht.
   4.4 Original manuscript or duplicate, plan, schematic, drawing, design, pattern, model, mold, or printing block.
   4.5 Mortgage securities, assets, important documents, including postage stamps, revenue stamps, currency, banknote, check, account book, or any business-related books.
   4.6 Explosive
   4.7 Dynamo, transformer, generator, electric motor, control panel, electronic equipment, or other electrical appliances that have been damaged from overload, over-current, short circuit, including the short circuit from the lighting strike. This only includes equipment damage from such cases.
5. Any continuous damage except for the loss of revenue from rent, which is specified to be covered under this insurance policy.
6. Damage from the burning of assets under the direction given by the government officers or legal authorities.

Auto Insurance Agreement

The Company has the policy to enter into auto insurance agreements for all vehicles used for supporting its business operation with various insuring companies, on a yearly basis; whereas the Company is the beneficiary of those policies, in accordance with the terms and conditions of those policies; with the insurance term of 1 year. As of June 30, 2019, the Company acquired the insurance for 326 vehicles, with the total sum insured of Baht 194.1 million.

Business operation registration

The Company was approved for the registration as an asset management company, as per the following detail.

Registration Certificate	Approver	Registration term
Asset management company registration certificate; No. 001/2542 (1999), for the purpose of operating as an asset management company, under the AMC Decree	Bank of Thailand	Indefinite term

Lease agreement

As of June 30, 2019, the Company has the right to lease, under the sub-leasing agreement, in a 3 and a half-story, commercial building in Chachoengsao Province. The Company also registers the right to lease, under the land and property leasing agreement, for a property located in Nakhon Si Thammarat Province, as per the following detail.

The right to lease, under the sub-leasing agreement, in a 3 and a half-story, commercial building in Chachoengsao Province

Contract parties	Mrs. Jeeranan Siangthanawat ("the Sub-lessor") and the Company ("the Sub-lessee")
Agreement date	September 20, 2011
Sub-leased property	A 3 and a half story, commercial building, 2 shops; 108 / 16-17 Mahachak Pradap Road, Na Mueang Subdistrict, Mueang Chachoengsao District, Chachoengsao Province
Characteristics of the agreement	The Sub-lessor agrees to give the Sub-lessee the right to lease the asset, with the objective of using it as an office and only for conducting the Sub-lessee's business operation; whereas the Sub-lessor was also a lessee, under the Lease Agreement, dated February 14, 2005; between the State Railway of Thailand and the Sub-lessor.
Lease term	The right to lease under this Sub-Lease Agreement is for a period of 10 years, from October 1, 2011 to September 30, 2021.

The land and property leasing agreement for a property located in Nakhon Si Thammarat Province

Contract parties	Mrs. Sawinee Sinthu ("the Lessor") and the Company ("the Lessee")
Agreement date	August 20, 2014
Sub-leased property	A land of the title deed No. 66238 at Khlang Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat Province, as well as the building located on the land, namely, 2 shops of a commercial building; at 101/8 Phatthanakan Khu Khwang Road, Khlang Subdistrict, Mueang Nakhon Si Thammarat District Nakhon Si Thammarat Province
Characteristics of the agreement	The Lessor is the owner of the property; whereas the Lessor agrees to lease to the Lessee, and the Lessee agrees to lease from the Lessor, the property, for the purpose of using the property as a branch office of the Lessee. The parties registered the lease agreement on September 7, 2016.
Lease term	The lease term of this agreement is for a period of 6 years, from September 15, 2014, to September 14, 2020.

Investment policy for investing in a subsidiary or associated company

As of the date of this document, the Company doesn't have any subsidiary or associated company. However, if in the future the Company may conduct any investment that will, as a result, create a subsidiary and/or associated company, the Company will supervise the investment under the Company's investment policy; whereas the investment must be made in enterprises that contribute to the business operation of the group, brings forth the overall efficiency of the business operation between companies (Synergy), or the benefit or the return-on-investment from such companies.

And for this, the Company will mainly invest in enterprises that have the same objectives for conducting their business operation as of the Company's main business; or invest in enterprises that are similar in nature to the Company or whose business will further promote the Company's business where, as a result, the Company will enjoy better performance or higher benefit. The Company will also invest in enterprises that are beneficial (Synergy) to the Company that will help complete the Company's main business operation, in order to improve the Company's competitive competence.

Anyway, receiving the transfer of assets (shares) from the debt restructuring process, as well as purchasing NPAs from financial institutions, under the AMC Decree, which are integral parts of the Company's business operation, will not be considered as a form of investment made in the subsidiary and/or associated company, under this policy; as the Company will later sell those assets.

Legal Disputes

As of December 31, 2019, the Company is the defendant on 37 ongoing lawsuits ongoing lawsuits that aren't final and conclusive, with claims in an aggregate amount of Baht 523.9 million. Most of these lawsuits concern the revocation of juristic acts or the tort claim for damages arising from the Company's ordinary course of business.

The Company may face potential liabilities from the claim for damages of these lawsuits and the executives must exercise their discretion to evaluate the outcome of these lawsuits. In the event where the executives are confident that the lawsuit will not cause any damage to the Company, the Company will not record the expected liability from that particular lawsuit, in accordance with the Company's accounting policy. And for this, as of December 31, 2019, the Company allocates a reserve fund for the expected liabilities from those lawsuits, for a total amount of Baht 25.5 million. This reserve fund is allocated from legal disputes that arising from the Company's ordinary course of business.



General Information



The primary goals of Bangkok Commercial Asset Management Public Company Limited (The Company or BAM) are to help drive the country's economy, by solving the problems of NPLs from financial institutes, to improve the quality of NPLs and restoring them into high-quality assets and circulating them in the economy system, as well as improving NPLs' values. The Company's main business operations are, as follows.

- Participating in the auction for non-performing loans (NPLs); managing those NPLs, by means of debt restructuring, mainly based on the negotiation for compromising.
- Planning the NPLs management guideline that is efficient and complete, by implementing the strategies of developing the assets into a good – useful condition and a more desirable state for the market; in order to sell those NPLs to the third parties.

After the Company buys or acquires NPLs from financial institutes, the Company will issue an invitation to debtors, asking them to negotiate the debt restructuring, based on the basis of mutual collaboration, with the main focus on debtors' repayment ability, in order to find a solution that will provide maximum benefits to both parties. Also, the Company gives debtors the opportunity to re-negotiate the debt compromising, even when they are undergoing the legal proceedings, in order to help debtors to resume their normal operation in the economic system.



Head office and branch office
26 offices nationwide

The Company has many NPAs which spread all over the country, for example, vacant land, hotels, factories, commercial building, condominiums, single-houses, townhouses, etc. The Company buys or acquires these assets from 1) good debtors who transfer their assets as part of the repayment, 2) the auction arranged by the Legal Execution Department, and 3) financial institutions. After the Company receives the transferring of ownership of NPAs, the Company will hastily prepare the detail information and registration of NPAs. The Company will survey the assets and gather the assets' information. Thereafter, the Company will stimulate the public awareness of the assets, whether by setting up billboards at the assets' locations, setting up sales booths, advertising through media, whether offline media such as printed media, television, radio, and billboard; or online media such as the Company's website, at www.bam.co.th, as well as BAM's social media.

Moreover, the Company will also manages and improve those NPAs. For example, the Company may initiate preliminary maintenance and repair to those NPAs, in order to maintain NPAs in a marketable condition and to preserve NPAs' value. The Company will pay related expenses of those assets, and may hire security guards for those assets, as it deems appropriate. The Company determines the NPAs management guideline, based on the types of assets, namely, vertical assets, horizontal assets, vacant land, and assets for investment, such as the unfinished construction project and high value assets that are suitable for further development by major investors. The management guideline herein will also improve the Company's expertise and efficiency with the management of each type of asset. Moreover, for NPAs that haven't been sold yet, the Company will manage them by leasing them out to the third parties, as it deems necessary; in order to generate additional income out of those assets, to reduce the loss of opportunity cost and the cost of possession. Leasing out the assets also prevents the depreciation of those assets, and protecting the assets against the adverse possession or intrusion as well.

Other Important Information

Head Office Information

Head Office : 99 Surasak Rd., Silom, Bang Rak, Bangkok 10500
Company registration number : 0107558000482
Home Page : http://www.bam.co.th
Telephone : 02-267-1900
Fax. : 02-266-3377

Information about branches

The company has a total of 25 branch offices.

Branches in Bangkok and Metropolitan

Branch Don Mueang Office
Address 242/8-9 Soi Vibhavadi Rangsit 82 Sanam Bin, Don Mueang, Bangkok 10210
Telephone 02-533-6511-13
Fax. 02-533-6514

Central Region

Branch Suphan Buri Office
Address 330/1-3 Moo 5, Phaikwang-Ladtan Rd., Tha Rahat Sub-district, Mueang District, Suphan Buri 72000
Telephone (035) 524-183-5, (035) 522-993
Fax. (035) 524-186

Branch Saraburi Office
Address 127 Phahon Yothin Rd., Pak Phriao Sub-district, Mueang District, Saraburi 18000
Telephone (036) 221-871, (036) 223-989
Fax. (036) 223-733

Branch Nakhon Pathom Office
Address 603 Phet Kasem Rd., Huai Chorakhe Sub-district, Mueang District, Nakhon Pathom 73000
Telephone (034) 243-381-3
Fax. (034) 243-384

Branch Ratchaburi Office
Address 194/2 Songphol Rd., Ban Pong Sub-district, Ban Pong District, Ratchaburi 70110
Telephone (032) 211-045, (032) 211-934, (032) 301-021
Fax. (032) 221-892

Northern Region

Branch Phitsanulok Office
Address 227/27 Borommatrailokkanat Rd., Nai Mueang Sub-district, Mueang District, Phitsanulok 65000
Telephone (055) 247-488-9
Fax. (055) 247-487

Branch Nakhon Sawan Office
Address 1250/9-10 Moo 10, Phahonyothin Rd., Nakhon Sawan Tok Sub-district, Muang Nakhon Sawan District, Nakhon Sawan, 60000
Telephone (056) 372-107-8
Fax. (056) 372-109

Branch Chiang Rai Office
Address 246 Thanalai Rd., Wiang Sub-district, Mueang District, Chiang Rai 57000
Telephone (053) 711-763, (053) 711-003, (053) 711-146, (053) 711-773
Fax. (053) 711-503

Branch Chiang Mai Office (Kaeo Nawarat)
Address 207/11 Kaeo Nawarat Rd., Wat Ket Sub-district, Mueang District, Chiang Mai 50000
Telephone (053) 266-472-5
Fax. (053) 266-476

Branch Chiang Mai Office (Charoen Mueang)
Address 115 Charoen Mueang Rd., Wat Ket Sub-district, Mueang District, Chiang Mai 50000
Telephone (053) 244-075-6
Fax. (053) 244-077

Branch Lampang Office
Address 399/7-8 Lampang-Ngao Highway Rd., Suan Dok Sub-district, Mueang District, Lampang 52100
Telephone (054) 217-127, (054) 217-321, (054) 228-344, (054) 228-380
Fax. (054) 226-641

Branch Phrae Office
Address 235 Charoen Mueang Rd., Nai Wiang Sub-district, Mueang District, Phrae 54000
Telephone (054) 511-049, (054) 511-546, (054) 621-121
Fax. (054) 511-782

Northeastern Region

Branch Nakhon Ratchasima Office
Address 30 Pho Klang Rd., Nai Mueang Sub-district, Mueang District, Nakhon Ratchasima 30000
Telephone (044) 244-388, (044) 255-726, (044) 244-288
Fax. (044) 241-594, (044) 259-386

Branch Udon Thani Office
Address 165, 167 Pho Si Rd., Mak Kaeng Sub-district, Mueang District, Udon Thani 41000
Telephone (042) 240-538-40
Fax. (042) 221-158

Branch Khon Kaen Office
Address 292 Na Mueang Rd., Nai Mueang Sub-district, Mueang District, Khon Kaen 40000
Telephone (043) 225-226-8
Fax. (043) 226-219

Branch Ubon Ratchathani Office
Address 7 Kantharaluk Rd., Warin Chamrap Sub-district, Warin Chamrap District, Ubon Ratchathani 34190
Telephone (045) 321-382, (045) 321-161, (045) 269-422
Fax. (045) 321-062

Eastern Region

Branch Chon Buri Office
Address 83/5-7 Moo 2, Sukhumvit Rd., Samet Sub-district, Mueang District, Chon Buri 20000
Telephone (038) 144-130-2
Fax. (038) 144-135

Branch Chachoengsao Office
Address 108/16-17 Mahachakaphat Rd., Na Mueang Sub-district, Mueang District, Chachoengsao 24000
Telephone (038) 512-900-1
Fax. (038) 512-902

Branch Rayong Office
Address 79 Sukhumvit Rd., Tha Pradu Sub-district, Mueang District, Rayong 21000
Telephone (038) 611-591, (038) 612-836, (038) 611-028
Fax. (038) 612-837

Southern Region

Branch Prachuap Khiri Khan Office
Address 41 Moo 2, Phet Kasem Rd., Khao Noi Sub-district, Pran Buri District, Prachuap Khiri Khan 77120
Telephone (032) 621-499, (032) 622-039, (032) 622-050
Fax. (032) 622-051

Branch Surat Thani Office
Address 14-14/1-2 Talat Mai Rd., Talat Sub-district, Mueang District, Surat Thani 84000
Telephone (077) 284-961-3, (077) 288-962
Fax. (077) 281-287

Branch Phuket Office
Address 5/5,5/11 Moo 8, Chalong Sub-district, Muang Phuket District, Phuket 83130
Telephone (076) 384-461-3
Fax. (076) 384-464

Branch Nakhon Si Thammarat Office
Address 101/8 Phattanakan Khu Kwang Rd., Khlang Sub-district, Mueang District, Nakhon Si Thammarat 80000
Telephone (075) 344-770-2
Fax. (075) 344-773

Branch Hat Yai Office
Address 257 Phet Kasem Rd., Hat Yai Sub-district, Hat Yai District, Songkhla 90110
Telephone (074) 261-501-4
Fax. (074) 262-572

Branch Yala Office
Address 79, 81 Phiphit Phakdi Rd., Sateng Sub-district, Mueang District, Yala 95000
Telephone (073) 223-740-2
Fax. (073) 223-743

Auditor

2019
Name State Audit Office of the Kingdom of Thailand
Address State Audit Office of the Kingdom of Thailand Rama VI Road, Phayathai, Bangkok 10400
Telephone 02 271-8000
Fax. 02 618-5769

2020
Name EY Company Limited
Address 33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone 02 264-9090
Fax. 02 264-0789-90

Securities Registrar

Name Thailand Securities Depository Co., Ltd.
Address 93, 14th Floor, Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400
Telephone 02 009-9999
Fax. None

Securities and Dividend Payment Policy

Registered capital and paid-up capital of the Company

The Company has a total registered, paid-up capital of Baht 16,160.2 million, which is comprised of 3,232.0 million shares, at the par value of 5.0 Baht per share.

Shareholders

The structure of the Company's first 10 major shareholders, as of January 15, 2020, can be summarized, as follows.

1. Financial Institutions Development Fund
2. GIC Private Limited
3. UBS AG Singapore branch
4. Mr. Taweerach Proongpattanasakun
5. SCB Dividend Stock 70/30 Long Term Equity Fund
6. Bualuang Long Term Equity Fund
7. K20 Select Long-Term Equity Fund
8. Mr. Naret Ngarmapichon
9. K Equity Long Term Equity Fund
10. Muang Thai Assurance PCL.

Agreement between shareholders

- None -

Limitation of transferring the Company's shares

The Company's shares can be transferred without any limitation, except for the case where the outcome of the share transferring will cause foreign shareholders to hold more than 49.0 percent of all paid-up ordinary shares of the Company. The Company has the right to reject the share transfer if, as a result, the proportion of shares held by foreign shareholders will exceed the aforementioned ratio.

In an event where a foreign shareholder holds more than 49.0 percent of the Company's paid-up capital, whereas that person is: (a) an American citizen (U.S. Person)1 and (b) Qualified Institutional Buyer and Qualified Purchaser, who wishes to sell or transfer his shares to other persons, that foreign shareholder will be responsible for the following tasks:

(a) Sell those shares or the right to use or receive benefits out of those shares to other investors who invest in the Offshore Transaction 1, or

(b) Sell those shares or the right to use or receive benefits out of those shares to other investors that are Qualified Institutional Buyer or Qualified Purchaser.

For the case where the transferring of shares held by foreign shareholders doesn't conform to the aforementioned method, shareholders who receive the transferred shares from that particular foreign shareholder must transfer the shares he received, in accordance with the method specified herein, after the Company issues a written request to him.

Note: [1] U.S. citizens (U.S. Person), Qualified Institutional Buyer, and Offshore Transaction shall have the meanings as specified in the definitions given to those terms, under the United States Securities Act of 1933, as amended; the Qualified Purchaser shall have the meaning as specified in the definition given to that term, under the United States Investment Company Act of 1940, as amended.

Dividend Policy

The Company has the policy to pay dividends at the rate of not less than 40 percent of net profit after tax and legal reserves. Payment of dividends is subject to the Company's investment plans, conditions and restrictions provided under its loan agreements or other relevant contracts (if any), financial conditions and operating results including other factors which may have an effect on the Company. The Board of Directors of the Company may, from time to time, review and revise the dividend payment policy to be in line with the growth strategy, requirements for capital and working capital and any other factors as it may consider appropriate. The dividend paid shall not exceed the retained earnings as appearing on the Company' financial statements of the Company and shall be paid in accordance with relevant law.



Management Structure

Board of Directors

The Company has a Board of Directors that is responsible for determining the Company's guidelines and policies. The members of the Board possess the required qualification, in accordance with Article 68 of The Public Companies Act, and in accordance with the Capital Market Supervisory Board's Announcement, on the subject of requesting and approving of IPO. These members do not have any forbidden characteristics, in accordance with Article 4/2 of the AMC Decree.

Board of Directors

As of December 31, 2019, the Board of Directors is comprised of 10 directors, as follows.

Director	Position
1. Mrs. Tongurai Limpiti	Chairman
2. Mr. Bunyong Visatemongkolchai	Director and Chairman of the Executive Committee
3. Miss Wilai Tantinantana	Director, Chairman of the Corporate Governance and Social Responsibilities Committee, and Member of the Nomination and Remuneration Committee
4. Miss Rasa Kanchanasai[1]	Director, Chairman of the Risk Oversight Committee and Member of the Nomination and Remuneration Committee
5. Mr. Bundit Anantamongkol	Director and Member of the Executive Committee
6. Mr. Somporn Moonsrikaew	Director, President, and Member of the Executive Committee
7. Mr. Vasant Thienhom	Independent Director, Chairman of the Audit Committee and chairman of the Nomination and Remuneration Committee
8. Mr. Yos Kimsawatde	Independent Director, Member of the Audit Committee and the Risk Oversight Committee
9. Mrs. Maneerat Srisaovajati	Independent Director, Member of the Audit Committee and the Corporate Governance and Social Responsibilities Committee
10. Mr. Songpol Chevapanyaroj	Independent Director, Member of the Audit Committee and the Risk Oversight Committee

Note: [1] Miss Rasa Kanchanasai resigned from her position as a director, Chairman of the Risk Oversight Committee, and member of the Nomination and Remuneration Committee. Her resignation was effective since February 1, 2020.

Mr. Phongsathon Maneepim serves as the Company's secretary. He was appointed by the resolution of the 7/2015 Board of Directors' Meeting, which was convened on June 5, 2015.

Scope of authority of the Board of Directors

The Board of Directors has the authority of managing and supervising the Company, and ensuring that the Company will conduct its business operation while complying with the laws, the Company's objectives and Articles of Association, as well as the Resolutions of the Shareholders' Meeting. The authorities of the Board of Directors include the following.

(a) Determine business operation policy, objective, and strategy, as well as consider and approve business plan and annual budget, in accordance with the Company's business operation.
(b) Supervise and monitor the company management, to comply with the Company's policies, objectives, strategies, and business plans, in order to achieve the target, within the approved budget.
(c) Determine regulations on human resource management, finance, accounting, procurement internal auditing and any other operations of the Company.
(d) Supervise and ensure the Company's accounting system, financial reporting system, and financial audit that are reliable, and meet international standards to establish trust among all stakeholders.
(e) Supervise and ensure efficiency in selection and nomination of the Company's president and executives, as well as in determination of remuneration in line with its operating results.
(f) Supervise and ensure an effective internal control system and an appropriate risk management system.
(g) Supervise and ensure a good corporate governance and social responsibility.
(h) Consider the appointment and the determination of scope of duties of committees.
(i) Supervise and implement a system that prevents the conflict of interest between stakeholders.
(j) Supervise and ensure the communication and disclosure of information to stakeholders are accurate, complete. appropriate and in a timely manner.
(k) Consider the plan of succession for executives.
(l) Encourage top executives to express their opinion, in accordance with factors that influence the organization's objectives.

Authorized signatory directors

"(1) Mr. Bunyong Visatemongkolchai, (2) Miss Rasa Kanchanasai, (3) Mr. Somporn Moonsrikaew, (4) Miss Wilai Tantinantana, and (5) Mr. Bundit Anantamongkol; two out of five of the aforementioned directors may sign their names and affix the Company's seal."



The Board and Committees' Meetings

The number of participations in the meetings of the Company's Board of Directors and other committees, between January 1, 2019 and December 31, 2019, are, as follows.

Name	Position	Time in Position
1. Mrs. Tongurai Limpiti	Chairman	April 17, 2017 – the issuing date of this document
2. Mr. Bunyong Visatemongkolchai	Director	July 6, 2012 – the issuing date of this document
	Chairman of the Executive Committee	July 6, 2012 – the issuing date of this document
3. Miss Wilai Tantinantana[1]	Director	December 1, 2018 – the issuing date of this document
	Member of the Nomination and Remuneration Committee	January 4, 2019 – the issuing date of this document
	Chairman of the Corporate Governance and Social Responsibilities Committee	January 4, 2019 – the issuing date of this document
4. Miss Siriporn Eamrungroj[2]	Director	April 29, 2016 – April 5, 2019
	Chairman of the Corporate Governance and Social Responsibilities Committee	September 8, 2016 – April 5, 2019
	Member of the Corporate Governance and Social Responsibilities Committee	May 3, 2019 – the issuing date of this document
5. Miss Rasa Kanchanasai[3]	Director	April 27, 2018 – January 31, 2020
	Chairman of the Risk Management Committee	May 4, 2018 – January 31, 2020
	Member of the Nomination and Remuneration Committee	May 3, 2019 – January 31, 2020
6. Mr. Bundit Anantamongkol[4]	Director	April 5, 2019 - the issuing date of this document
	Member of the Executive Committee	April 5, 2019 - the issuing date of this document
7. Mr. Somporn Moonsrikaew[5]	Director	July 6, 2018 - the issuing date of this document
	President	June 1, 2018 - the issuing date of this document
	Member of the Executive Committee	June 1, 2018 - the issuing date of this document
	Member of the Risk Oversight Committee	June 1, 2018 – May 3, 2019
8. Mr. Vasant Thienhom	Independent Director	December 1, 2017 - the issuing date of this document
	Chairman of the Audit Committee	December 1, 2017 - the issuing date of this document
	Chairman of the Nomination and Remuneration Committee	December 1, 2017 - the issuing date of this document

January 1, 2019 to December 31, 2019					
Board of Directors	Audit Committee	Executive Boards	Nomination And Remuneration Committee	Risk Oversight Committee	Corporate Governance and Social Responsibilities Committee
21/22	-	-	-	-	-
22/22	-	43/45	-	-	-
	-	-	-	-	-
20/22	-	-	14/14	-	4/5
5/5	-	-	-	-	5/5
19/22	-	-	9/10	12/12	-
16/17	-	30/33	-	-	-
22/22	-	42/45	-	4/4	-
20/22	18/18	-	14/14	-	-

Name	Position	Time in Position
9. Mr. Songpol Chevapanyaroj[6]	Independent Director Member of the Audit Committee	November 1, 2017 – May 6, 2019 November 1, 2017 – May 6, 2019
10. Mr. Yos Kimsawatde[7]	Independent Director Member of the Audit Committee Member of the Risk Oversight Committee	November 14, 2017 - the issuing date of this document November 14, 2017 - the issuing date of this document November 14, 2017 - the issuing date of this document
11. Mrs. Maneerat Srisaovajati[8]	Independent Director Member of the Audit Committee Member of the Corporate Governance and Social Responsibilities Committee	June 27, 2018 - the issuing date of this document July 6, 2018 - the issuing date of this document May 3, 2019 - the issuing date of this document
12. Mr. Somphan Eamrungroj	Member of the Risk Oversight Committee	May 4, 2018 - the issuing date of this document
13. Miss Kompranom Wongmongkol[9]	Member of the Executive Committee Member of the Risk Oversight Committee	March 1, 2006 - the issuing date of this document July 4, 2015 – May 3, 2019
14. Mr. Sumate Maneewattana[10]	Member of the Risk Oversight Committee Member of the Nomination and Remuneration Committee Member of the Corporate Governance and Social Responsibilities Committee	September 7, 2015 – May 3, 2019 May 7, 2015 - the issuing date of this document May 3, 2019 - the issuing date of this document
15. Mr. Vichan Amornrojanavong	Member of the Executive Committee	September 7, 2015 - the issuing date of this document
16. Mr. Manus Suksawadi	Member of the Corporate Governance and Social Responsibilities Committee	September 8, 2016 - the issuing date of this document

Notes

1 Miss Wilai Tantinantana was appointed as a member of the Corporate Governance and Social Responsibilities and as a member of the Nomination and Remuneration Committee, under the resolution of the 1/2019 Board of Directors' Meeting, on January 4, 2019; as a replacement for Mr.Amnuay Preemonwong. Later, she was appointed as the chairman of the Corporate Governance and Social Responsibilities, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019; as a replacement for Miss Siriporn Eamrungroj.

2 Miss Siriporn Eamrungroj vacated the position of a director and the Chairman of the Corporate Governance and Social Responsibilities, at the end of her term in the office, under the resolution of the 2019 Shareholders' Annual General Meeting, on April 5, 2019. She still holds the position of a member of the Corporate Governance and Social Responsibilities, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019, as Miss Wilai Tantinantana was appointed as the chairman of the Corporate Governance and Social Responsibilities, on May 3, 2019.

January 1, 2019 to December 31, 2019					
Board of Directors	Audit Committee	Nomination Executive Boards Committee	And Remuneration	Risk Oversight Committee	Corporate Governance and Social Responsibilities Committee
7/11	7/12	-	-	2/2	-
18/22	13/18	-	-	6/8	-
22/22	18/18	-	-	-	3/3
-	-	-	-	12/12	-
-	-	40/45	-	4/4	-
-	-	-	13/14	4/4	2/3
-	-	45/45	-	-	-
-	-	-	-	-	5/5

3 Miss Rasa Kanchanasai was appointed as a director, under the resolution of the 2018 Shareholders' Annual General Meeting, on April 27, 2018. And she was appointed as the chairman of the Risk Management Company, under the resolution of the 8/2018 Board of Directors' Meeting, on May 4, 2018; as a replacement for Mr. Somphan Iamrungroaj. And she was appointed as a member of the Nomination and Remuneration Committee, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019. Also, Miss Rasa Kanjanasai resigned from her position as the director, the chairman of the Risk Management Committee, and the member of the Nomination and Remuneration Committee, whereas her resignation became effective on February 1, 2020, under the Company's Announcement, No. Bor. Sor. Gor. 050/2563 (2020).

4 Mr. Bundit Anantamongkol was appointed as a director, under the resolution of the 2019 Shareholders' Annual General meeting, on April 5, 2019, as a replacement for Mr. Somphan Eamrungroj. He was appointed as a member of the Executive Committee, under the resolution of the 6/2019 Board of Directors' Meeting, on April 5, 2019, as a replacement for Mr. Somphan Eamrungroj.

Notes

5 Mr. Somporn Moonsrikaew vacated his position as a member of the Risk Oversight Committee, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019.

6 Mr. Songpol Chevapanyaroj vacated his position as an independent director and a member of the Audit Committee, on May 6, 2019; and re-assumed the position of a director (an independent director) on November 1, 2019, under the resolution of the 18/2019 Board of Directors' Meeting, on October 25, 2019. He was appointed as a member of the Audit Committee and a member of the Risk Oversight Committee, under the resolution of the 19/2019 Board of Directors' Meeting, on November 1, 2019. Moreover, Mr. Songpol Chevapanyaroj was appointed as the chairman of the Risk Oversight Committee, as a replacement for Miss Rasa Kanchanasai, under the resolution of the 2/2020 Board of Directors' Meeting, on February 7, 2020.

7 Mr. Yos Kimsawatde was appointed as an independent director, under the resolution of the 2/2017 Extraordinary Shareholders' Meeting, on November 14, 2017, as a replacement for Mr. Chim Tantiyasawadtikun. He was appointed as a member of the Audit Committee, under the 13/2017 Board of Directors' Meeting, on November 14, 2017, as a replacement for Professor Dr. Pornchai Chunhajinda. He was appointed as a member of the Risk Oversight Committee, under the resolution of the 7/2017 Board of Directors' Meeting, on May 3, 2019.

8 Mrs. Maneerat Srisaovajati was appointed as an independent director, under the resolution of the 1/2024 Extraordinary Shareholders' Meeting, on June 27, 2018. She was appointed as a member of the Audit Committee, under the resolution of the 12/2018 Board of Directors' Meeting, on July 6, 2018, as a replacement for Professor Dr. Pornchai Chunhajinda. And she was appointed as a member of the Corporate Governance and Social Responsibilities Committee, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019.

9 Miss Kornpranom Wongmongkol vacated the position of a member of the Risk Oversight Committee, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019, whereas the resolution required the re-organization of the sub-committees, in order to ensure that the Company's management and operation will be conducted appropriately and efficiently. The resolution became effective on May 3, 2019.

10 Mr. Sumate Maneewattana vacated the position of a member of the Risk Oversight Committee, on May 22, 2019 under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019, whereas the resolution required the re-organization of the sub-committees, in order to ensure that the Company's management and operation will be conducted appropriately and efficiently. However, Mr. Sumate Maneewattana was appointed as a member of the Corporate Governance and Social Responsibility, under the resolution of the 7/2019 Board of Directors' Meeting, on May 3, 2019.

Senior Management

As of December 31, 2019 the Company's Senior Management, in accordance with the Securities and Exchange Commission's Announcement, No. Gor. Jor. 17/2551 (2008), on the subject of giving the definitions for announcements regarding the issuing and selling of securities (and the amendments thereof), as follows.

	Senior Management	Position
1.	Mr. Somporn Moonsrikaew	President
2.	Mr. Choopong Phokhasawadi	Senior Executive Vice President, Head Office Debt Restructuring Group
3.	Mr. Somboon Ruangsurakait	Senior Executive Vice President, Sales Management Group
4.	Mr. Somchai Tanurukpairoj	Senior Executive Vice President, Business Supporting Group
5.	Mr. Suntis Wattanakul	Senior Executive Vice President, Operation Supporting Group and Chief Financial Officer
6.	Mr. Phongsathon Maneepim	Senior Executive Vice President, Regional Debt Restructuring and Sales Group
7.	Mr. Chanwit Kaveesoonthornsanoh	Executive Vice President, Financial Management and Investment Group
8.	Mrs. Wannee Phankawong	Vice President, Accounting Department

The Company's secretary

Pertaining to the resolution of the 7/2015 Board of Directors' Meeting, which was convened on June 5, 2015; Mr. Phongsathon Maneepim was appointed as the Company's secretary, on June 5, 2015.

The compensation of directors and executives

The compensation of the Board of Directors

(A) The monetary compensation of the Board of Director

The 2019 Shareholders' Annual General Meeting, which was convened on April 3, 2019, passed the resolution which determines the compensation of members in various committees of the Company, as follows.

Position	Meeting allowance
Chairman	60,000 Baht a month[1,2]
Vice Chairman	45,000 Baht a month[1,2]
Director	30,000 Baht a month[1,2]
Chairman of the Audit Committee	37,000 Baht a month[2]
Member of the Audit Committee	30,000 Baht a month[2]
Chairman of the Executive Committee	30,000 Baht per a meeting but not more than 60,000 Baht a month[1,3]
Member of the Executive Committee	15,000 Baht per a meeting but not more than 30,000 Baht a month[1,3]
Chairman of the Nomination and Remuneration Committee	12,500 Baht per a meeting[1,2,3]
Member of the Nomination and Remuneration Committee	10,000 Baht per a meeting[1,2,3]
Chairman of the Risk Oversight Committee	12,500 Baht per a meeting[1,2,3]
Member of the Risk Oversight Committee	10,000 Baht per a meeting[1,2,3]
Chairman of the Corporate Governance and Corporate Social Responsibilities	12,500 Baht per a meeting[1,2,3]
Member of the Corporate Governance and Corporate Responsibilities	10,000 Baht per a meeting[1,2,3]

Notes
1. They may receive the meeting allowance upon their presence at the meeting.
2. When the meeting is held more than once a month, the meeting allowance will be paid for 1 meeting.
3. The meeting allowance will be paid to those directors who are not simultaneously holding senior management position or receiving a monthly salary from the Company.

According to the 2019 Shareholders' Annual General Meeting, which was convened on April 5 2019, directors will be paid with bonuses, as a result of the Company's performance in 2018. The amount of bonuses paid to directors was based on the Company's performance of the previous year, whereas the total bonus will not exceed the amount of Baht 5.0 million.

The detail of the compensation of the Company's directors, for a period between January 1, 2019 and December 31, 2019 is as follows.

Name	Position	Board of Directors	Audit Committee
		(Baht)	(Baht)
1. Mrs. Tongurai Limpiti	Chairman	720,000	-
2. Mr. Bunyong Visatemongkolchai	Director and Chairman of the Executive Committee	360,000	-
3. Miss Wilai Tantinantana	Director, Chairman of the Corporate Governance and Social Responsibilities Committee, and Member of the Nomination and Remuneration Committee	330,000	-
4. Miss Siriporn Eamrungroj	Director and Chairman of the Corporate Governance and Social Responsibilities Committee	90,000	-
5. Miss Rasa Kanchanasai	Director and Chairman of the Risk Oversight Committee	360,000	-
6. Mr. Bundit Anantamongkol	Director and Member of the Executive Committee	270,000	-
7. Mr. Somporn Moonsrikaew	Director, President, Member of the Risk Oversight Committee, and Member of the Executive Committee	360,000	-
8. Mr. Vasant Thienhom	Independent Director, Chairman of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	360,000	450,000
9. Mr. Songpol Chevapanyaroj	Independent Director and Member of the Audit Committee	150,000	184,838.71
10. Mr. Yos Kimsawatde	Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee	330,000	360,000
11. Mrs. Maneerat Srisaovajati	Independent Director, Member of the Audit Committee, and Member of the Corporate Governance and Social Responsibilities Committee	360,000	360,000
12. Mr. Somphan Eamrungroj	Member of the Risk Oversight Committee	-	-
13. Miss Kornpranom Wongmongkol	Member of the Executive Committee and Member of the Risk Oversight Committee	-	-
14. Mr. Sumate Maneewattana	Member of the Risk Oversight Committee, Member of the Nomination and Remuneration Committee, and Member of the Corporate Governance and Social Responsibilities Committee	-	-
15. Mr. Vichan Amornrojanavong	Member of the Executive Committee	-	-
16. Mr. Manus Suksawadi	Member of the Corporate Governance and Social Responsibilities Committee	-	-
Total		**3,690,000**	**1,354,838.71**

Notes [1] Please see the detail on the number of participations in the meetings of the Company's Board of Directors and other committees, for a period between January 1, 2019 and December 31, 2019.

From January 1, 2019 to December 31, 2019				
Executive Boards	Nomination And Remuneration Committee	Risk Oversight Committee	Corporate Governance and Social Responsibilities Committee	Total
(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
-	-	-	-	720,000
720,000	-	-	-	1,080,000
-	110,000	-	47,500	487,500
-	-	-	55,000	145,000
-	60,000	150,000	-	570,000
255,000	-	-	-	525,000
-	-	-	-	360,000
-	137,500	-	-	947,500
-	-	20,000	-	354,838.71
-	-	60,000	-	750,000
-	-	-	30,000	750,000
-	-	120,000	-	120,000
360,000	-	40,000	-	400,000
-	90,000	40,000	20,000	150,000
360,000	-	-	-	360,000
-	-	-	50,000	50,000
1,695,000	**397,500**	**430,000**	**202,500**	**7,769,838.71**

Other compensations

Two directors, namely, Mrs. Tongurai Limpiti and Mr. Bunyong Visatemongkolchai received other compensations, besides the meeting allowances and the bonuses; namely, the gas expense and the company's vehicles, with drivers.

The compensation of senior management

Monetary compensations are, including, salaries, bonuses, contributions to the provident fund, and other compensations. These monetary compensations are provided to the Company's senior management, in the position of the President, the Senior Executive Vice President – Head Office Debt Restructuring, Sale Management, Regional Debt Restructuring and Sales. Business Supporting. Operational Supporting for a total of 6 executives. The monetary compensations paid for these executives, for the accounting period ended on December 31, 2019, was for a total amount of Baht 30.1 million.[1]

Notes [1] The Monetary compensations paid for the accounting period ended on December 31, 2019, for a total amount of Baht 30.1 million. This amount doesn't yet include the bonus for the Company's performance in 2019 that will be actually paid in 2020.

Other compensations

The Company's executives also received other compensations, besides the salaries and the bonuses and the bonus; namely, the gas expense and the company's vehicles, with drivers.

Employees

The number of employees

As of December 31, 2019, the Company had 5 Senior Executive Vice Presidents and 1,292 employees in other positions; for a total number of 1,297 employees.

	As of December 31, 2019	
Group	In management level[1] (Employees)	(Employees)
1. Regional Debt Restructuring and Sales Group	60	325
2. Sales Group	48	114
3. Head office Debt Restructuring Group	46	158
4. Business Supporting Group	66	195
5. Operation Supporting	62	157
6. The Office of the President	6	31
7. Internal Audit	7	17
Total	295	997

Note [1] Employees in management level mean employees in the positions of the Executive Vice Presidents, Vice Presidents, managers, and assistant managers.

The compensation of employees

Monetary compensations of employees

Monetary compensations of employees are, including, salaries, bonuses, contributions to the provident fund, and other compensations of the Company's employees (not including the compensations for 5 employees in the position Senior Executive Vice Presidents). The total amount of the monetary compensations of employees, for the accounting period ended on December 31, 2019, was Baht 1,144.6 million.[1]

The Company established the Provident Fund, in accordance with the Provident Fund Act, B.E. 2530 (as well as the amendments thereof), on February 1, 2017; whereas the Company pays the contribution to the fund at the rate of 6.0 to 10.0 percent of employees' salaries and employees pay the contribution at the minimum rate of 3.0 percent of their salaries. For the accounting period ended on December 31, 2019, the Company's total expenses on the provident fund were Baht 97.0 million.

Notes [1] Monetary compensations of employees, for the accounting period ended on December 31, 2019, was Baht 1,144.6 million. This amount doesn't yet include the bonus for the Company's performance in 2019 that will be actually paid in 2020.

Other compensations

- None –

Professional Liability Insurance of directors and officers[1]

Insurer	Thaisri Insurance Public Company Limited
Insured	The Company's directors and officers
Insurance term	From April 1, 2019 (00.01 hours) to April 1, 2020 (00.01 hours)
Sum insured	For a total amount of 200.0 Baht per incident, during the entire insurance term, including other expenses and fees paid by the Company that are approved by the written consent given by the insurer (defense costs)
Policy type	Professional liability insurance for directors and officers.
Coverage	The insurer will be liable for indemnifying the expenses that the insured and/or the Company are required to pay by the law, as a result of the insured' violations, which occur while the insured is a director or an officer of the Company.

Note [1] Directors and officers mean individuals that have been appointed or selected to become directors, officers, and the secretary of the Company, whether in the past, at present, or in the future; as well as the legal spouses of those individuals.

Human Resource Development

The Company has policy and responsibility to take care of its employees, while considering their ability and work experience as a basis for equally providing them with the career path opportunities, as well as to appropriately adjust their compensations and welfares, in accordance with the cost and necessity of living, in order to improve the morale of all employees.

In terms of human resource development, the Company regards this as an important aspect, as it will help improve employee's knowledge and ability, allowing them to work efficiently. The Company plans to improve its performance in every dimension, such as by providing employees with training courses and scholarship programs; in order to elevate the Company's status to the same standard as leading companies.

The Company defines its human resource development strategy and plan by creating the Human Resource Master Plan (HR Master Plan), which covers the following subjects.

(A) The organization competency

The Company determines the required competency of its employees, namely, the core competency, the managerial competency, and the functional competency.

(1) The core competency is the competency that all employees must possess. The core competency is translated from the Company's vision, mission, and strategy; and then disseminated to every employee, in order to make sure that the Company will be able to successfully achieve its objectives.

(2) The managerial competency is the required competency for executive of every level. The managerial competency will be varied, based on the executives' role and responsibility (role-based), in order to make sure that the Company will be able to successfully achieve its objectives, in accordance with its strategic plan, vision, and mission.

(3) The functional competency is the job-specific requirement that aims to promote employees to appropriately display the desired behaviors of their tasks and ultimately allowing their departments and the organization to achieve the goals.

The Company has a scope for evaluating these competencies. This scope allows the Company to cultivate the desired ideas, behaviors, and attitudes among its employees, toward the same direction as the Company's vision, mission, and strategy. This is an important factor that allows the Company to reach its objectives.

Moreover, this evaluation is an important instrument that allows the Company to be more efficient with the human resource development-related processes, such as the selection, transfer, promotion, development, etc.

(B) KPI-based evaluation

The Company evaluates its employees' performance, using the key performance indicator (KPI). The evaluation starts from defining the Business Model, which is translated into organizational - level KPI that allows the Company to gain the more concrete result, whether in terms of the efficiency and effectiveness. The result from the organization - level KPI will be reflected to the division-level, department - level, as well as individual-level KPI, for every employee in the organization. Therefore, the performance evaluation of the Company will be conducted with the aim that orients toward the same direction as the Company's business operation. This is an important factor for the successful operation under the given guideline of any leading companies.

Moreover, the Company encourages its employees to recognize the importance of satisfying customers with the Company's services, in accordance with the customer - focused strategy. The Company does so by cultivating the right mindset and value of being open - minded to the changes and collaborative working (Openness) which will help further expand good attitude and a wider viewpoint toward the operation.

Moreover, the Board of Directors emphasizes the management of the Company's human resource development under the 3R principle (Recruit, Retain, and Retire), in order to improve employees' morale, as with any leading organizations that use this principle to take care of their employees. The 3R principle is also used for the purpose of managing the organization's knowledge (Knowledge Management), whereas retired employees, who have extensive knowledge and experience, are asked to share their knowledge with current employees, so they may further use and apply such knowledge in the operation. Moreover, the 9/2019 Management Committee' Meeting, on April 24, 2019; and the 16/2019 Board of Executive Committee Meeting, on April 30, 2019, passed the resolution to donate money to retired employee club of the Company. The donation was approved by the 18/2018 Board of Directors' Meeting, on December 7, 2018. This donation was a one-time, annual payment, in which the Company is not under the obligation to make the donation annually. The donation was done in June of 2019.

Labor-related dispute

During the past 3 years, there has never been any significant labor-related dispute that affect the Company's business operation, financial position and performance. Also, the Company doesn't know of any incident that may potentially lead to the labor-related dispute that may significantly affect the Company's business operation, financial position, and performance.

State enterprise labor relations

The Company's employees neither create nor enter into any labor union; however, the Company creates the State Enterprise Labor Relations Committee, in accordance with the State Enterprise Labor Relations Act, B.E. 2543 (2000). The State Enterprise Labor Relations Committee is comprised of representatives of employees, the employer, and the chairman of the committee is 1 of the Company's director. Also, after the Company was corporate, there was never an incident of strike among its employees. Also, according to the State Enterprise Labor Relations Act, Section 2, on the subjection of the State Enterprise Labor Relations Committee, the State Enterprise Labor Relations Act requires that every state enterprise must create the State Enterprise Labor Relations Committee. The detail of this subject is, as follows.

(A) The scope of duty and responsibility

According to Article 23, the State Enterprise Labor Relations Committee will have the following authority and responsibility:

(1) Consider and approve the issues regarding the improvement of the state enterprises' operation, as well as the promotion and development of labor relations.
(2) Encourage the unity and resolve any dispute of that state enterprise.
(3) Consider and improve the working regulation in a manner that will be beneficial to employers, employees, and the state enterprise itself.
(4) Provide consultation service for the purpose of solving the complaint of employees or the labor union, as well as the complaint regarding disciplinary actions.
(5) Provide consultation service for the purpose of improving the employment condition.

(B) The appointment of the State Enterprise Labor Relations Committee

Article 19 specifies that the State Enterprise Labor Relations Committee of any state enterprises must be comprised of one director of that state enterprise, whereas the Board of Directors of that state enterprise may appoint

as the chairman of the Committee; representatives of the employer, whereas the executive board of that state enterprise may appoint, for the total of not fewer than 5 members but not more than 9 members; and representatives of employees, which will be appointed from members of the labor union of that state enterprise, pertaining to the proposal of the labor union, for the same amount as the representatives of the employer.

For the case where a state enterprise doesn't have any labor union, or during a period where the labor union is being disbanded under Article 65, that state enterprise must appoint non-executive employees as the representatives of employees, for the same amount as the representatives of the employer, as members of the Committee.

However, the Company was already converted from a state enterprise into a private company, on December 12, 2019. As a result, the Company is governed by the Labor Protection Act, B.E. 2541 (1998) and the Labor Relations Act, B.E. 2518 (1975). Therefore, the State Enterprise Labor Relations Committee has ended their duties since December 12, 2019.

(C) Compensation

According to the 4/2013 State Enterprise Policy Commission's Meeting, on June 17, 2013, the Commission specified that directors will be compensated with the meeting allowance, at the rate specified by the Cabinet; whereas the payment will be made on a case by case basis, and the payment will made to directors who attend the meeting but not for more than 1 participation per month. The Commission also specified the meeting allowance for members of other committees, sub-committees, and work groups appointed by the authority of the law or the resolution of the minister, or for the state enterprise board, as follows.

(1) For the case of members of the state enterprise board, they will receive the meeting allowance on the individual attendance basis, only for those who attend the meeting. Members of the state enterprise board may also receive the meeting allowance from attending other committees/sub-committees/work groups, from not more than 2 groups, and not more than 1 meeting per group.

(2) For the case of outsiders, they will receive the meeting allowance on the individual attendance basis, for an amount of not more than 3,000.0 Baht per a meeting; only for those who attend the meeting.

(3) For the case of employees of the state enterprise.

(3.1) For the case of members of the committees/sub-committees/work groups that aren't specified under section (3.2) below, they will receive the meeting allowance on the individual attendance basis, for an amount of not more than 3,000.0 Baht per a meeting; only for those who attend the meeting.

(3.2) For the case of members of the committees/sub-committees/work groups that are appointed by the state enterprise board, they will not be entitled to receive this compensation as their participation will be considered as the performing of their duties. (3.2) For the case of members of the committees/sub-committees/work groups that are appointed by the state enterprise board, they will not be entitled to receive this compensation as their participation will be considered as the performing of their duties.

Pertaining to the 13/2014 Board of Directors' Meeting, on November 4, 2014, the Board of Directors approved the meeting allowance for the director, representatives of the employer and employees that attend the State Enterprise Labor Relations Committee's meeting, at 2,000.0 Baht per attendance. The resolution became effective on December 1, 2014, and henceforth.


Bam

Board of Directors



Mrs. Tongurai Limpiti

Chairman

Age: 63 years

The appointment date April 17, 2017

Percentage of shareholding in the Company None

Blood relations with directors and executives None

Educational qualification / training history

- Master of Business Administration (Finance, Investment, and Accountancy); University of Wisconsin, Madison, USA
- Bachelor of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, USA
- Diploma, National Defence College, The National Defence Course Class 52
- Capital Market Academy Programs class 5, Capital Market Academy (CMA)
- The Executive Program in Energy Literacy for a Sustainable Future, Class 1, Thailand Energy Academy
- Macroeconomic Challenges of Global Imbalances, London School of Economics and Political Science, United Kingdom
- Corporate Governance Course for Directors and Top Executives of State Enterprises and Public Organization, Public Director Institute (PDI)
- Director Certification Program (DCP), Class 8/2001, Thai Institute of Directors
- Director Certification Program Update (DCPU), Class 5/2015, Thai Institute of Directors
- Boards that Make A Difference (BMD), Class 3/2016, Thai Institute of Directors
- Advanced Audit Committee Program (AACP), Class 33/2016, Thai Institute of Directors

Working experience

2019 – the issuance date of this document	Independent Director THAI PRESIDENT FOODS PUBLIC COMPANY LIMITED
2018 – the issuance date of this document	Director / Chairman of the Audit Committee; Member of the Corporate Governance and Social Responsibilities Committee Thai Credit Guarantee Corporation
2017 – the issuance date of this document	Chairman Bangkok Commercial Asset Management Public Company Limited
2017 – the issuance date of this document	Member of the Financial Policy and Asset Committee Srinakharinwirot University
2017 – the issuance date of this document	Subcommittee on Civil System Development for Promotion of Good Public Management Office of the Public Sector Development Commission
2016 – the issuance date of this document	Advisor Electronic Transactions Development Agency
The issuance date of this document	Member of the Technology and Innovation - Based Enterprise Development Fund Committee Ministry of Science and Technology
2016 - 2018	Chairman / Independent Director Aira Factoring Public Company Limited
2016 – 2018	President, Bank of Thailand Employee's Thrift and Credit Cooperative Ltd. Bank of Thailand
2014 - 2016 :	Deputy Governor, Financial Institutions Stability Bank of Thailand
2012 - 2014 :	Deputy Governor, Corporate Development Bank of Thailand
2011 - 2012 :	Assistant Governor, Financial Institutions Policy Group Bank of Thailand
2008 - 2011 :	Assistant Governor, FIDF Management Group Bank of Thailand
2007 - 2008 :	Senior Director, FIDF Management Department, FIDF Management Group Bank of Thailand
2005 - 2007 :	Senior Director, Risk Management Policy Department, Financial Institutions Policy Group Bank of Thailand
2004 - 2005 :	Senior Director, Financial Institutions Strategy Department, Financial Institutions Policy Group Bank of Thailand



Mr. Bunyong Visatemongkolchai

- Director
- Chairman of the Executive Committee

Age: 62 years

The appointment date	July 6, 2012
Percentage of shareholding in the Company	None
Blood relations with directors and executives	None

Educational qualification / training history

- Master of Laws, Temple University, USA
- Bachelor of Laws, Thammasat University
- Mini MBA, Chulalongkorn University
- Deputy District Chief Training Course, Class 48, Institute of Administration Development
- Capital Market Academy Programs, Class 5, Capital Market Academy
- Director Accreditation Program (DAP), Class 119/2015, Thai Institute of Directors
- Advanced Audit Committee Program (AACP), Class 30/2018, Thai Institute of Directors

Working experience

2019 – the issuance date of this document	Chairman Thai Credit Guarantee Corporation
2018 – the issuance date of this document	Director Thai Credit Guarantee Corporation
2017 – the issuance date of this document	Independent Director / Member of the Audit Committee Latex Systems Public Company Limited
2017 – the issuance date of this document	Director Able Asset Group Co., Ltd.
2012 – the issuance date of this document	Director / Chairman of the Executive Committee Bangkok Commercial Asset Management Public Company Limited
1999 – 2002	Executive Vice president Thai Asset Management

Working experience (Continued)

2018	Member of the Risk Oversight Committee / Acting President Bangkok Commercial Asset Management Public Company Limited
2016 – 2018	Director / Managing Director TFD Real Estate Management Co., Ltd.
2015 – 2017	Director / Chairman of the Risk Management Committee / Executive Director / Member of Good Corporate Governance and Corporate Social responsibility Committee / Member of the Nomination and Remuneration Committee The Government Housing Bank
2014 – 2016	Director Thai Factory Development Public Company Limited
2014 – 2016	Director Total Industrial Services Co., Ltd.
2011 – 2016	Independent Director / Member of the Audit Committee RHB Securities (Thailand) PCL
2010 – 2012	Asset Management Specialist Bangkok Commercial Asset Management Public Company Limited
2010 – 2011	Board of Directors Thai Asset Management
2002 – 2010	Director / President Bangkok Commercial Asset Management Public Company Limited
1999 – 2002	Executive Vice president Financial Institution Asset Management
1984 – 1999	Vice President of Law Office Kasikorn Bank Public Company Limited



Miss Rasa Kanchanasai

Director

Age: 60 years

The appointment date April 27, 2018

Percentage of shareholding in the Company None

Blood relations with directors and executives None

Educational qualification / training history

- Master of Science (Economics), Kasetsart University
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University
- Certified Public Accountant (CPA), Federation of Accounting Professions In the royal patronage
- Certified Professional Internal Auditor (CPIA)
- Finance for Executives, Kellogg School of Management, USA
- Oxford University, Said Business School, United Kingdom
- Advanced Audit Committee Program (AACP), Class 14/2014, Thai Institute of Directors
- Successful Formation and Execution of Strategy (SFE), Class 20/2014, Thai Institute of Directors
- How to Measure the Success of Corporate Strategy (HMS), Class 4/2014, Thai Institute of Directors
- Risk Management Committee Program (RMP), Class 4/2014, Thai Institute of Directors
- Audit Committee Program (ACP), Class 45/2013, Thai Institute of Directors
- Director Certification Program (DCP), Class 55/2005, Thai Institute of Directors

Working experience

2019 – 2020	Member of the Nomination and Remuneration Committee Bangkok Commercial Asset Management Public Company Limited
2018 – 2020	Director / Chairman of the Risk Oversight Committee Bangkok Commercial Asset Management Public Company Limited
As of the issuance date of this document	Director / Chairman of the Risk Inspection and Risk Management Committee EGAT International Co., Ltd.
As of the issuance date of this document	Chairman National Broadband Network Co., Ltd.
2017 – the issuance date of this document	State enterprise performance evaluation consultant State Enterprise Policy Office, Ministry of Finance
2014	Director of State Enterprise Development 2 State Enterprise Policy Office, Ministry of Finance
2010	Director of State Enterprise Development 1 State Enterprise Policy Office, Ministry of Finance



Mr. Vasant Thienhom

Director

Age: 64 years

The appointment date	December 1, 2017
Percentage of shareholding in the Company	None
Blood relations with directors and executives	None

Educational qualification / training history

- Master of Laws (International Banking Laws), Boston University, USA
- Bachelor of Laws (Honours), Chulalongkorn University
- Barrister-at-Law, Institute of Legal Education Thai Bar Association
- Audit Committee Program (ACP), Class 39/2012, Thai Institute of Directors
- Director Certification Program (DCP), Class 3/2000, Thai Institute of Directors

Working experience

2017 – the issuance date of this document	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee Bangkok Commercial Asset Management Public Company Limited
2017 – the issuance date of this document	Member of the Audit Committee / Chairman of the Corporate Governance and Social Responsibility Thai Credit Guarantee Corporation
2016 – the issuance date of this document	Consultant The Securities and Exchange Commission, Thailand
2011 – 2015	Deputy Secretary General The Securities and Exchange Commission, Thailand



Mrs. Maneerat Srisaovajati

Director

Age: 61 years

The appointment date June 27, 2018

Percentage of shareholding in the Company None

Blood relations with directors and executives None

Educational qualification / training history

- Master of Business Administration (Accounting), Illinois Institute of Technology, Chicago, Illinois, USA
- Bachelor of Accountancy, Faculty of Commerce and Accountancy, Chulalongkorn University
- Director Accreditation Program (DAP), Class 150/2018, Thai Institute of Directors
- Director Certification Program (DCP), Class 272/2019, Thai Institute of Directors
- Advanced Audit Committee Program (AACP), Class 33/2019, Thai Institute of Directors

Working experience

2019 – the issuance date of this document	Member of the Corporate Governance and Social Responsibility Committee Bangkok Commercial Asset Management Public Company Limited
2018 – the issuance date of this document	Independent Director / Member of the Audit Committee Bangkok Commercial Asset Management Public Company Limited
2015 – 2017	Director Federation of Accounting Professions under the royal patronage of His Majesty the King
2012 – 2016	Secretary Alumni Association Faculty of Commerce and Accountancy, Chulalongkorn University



Mr. Yos Kimsawatde

Director

Age: 64 years

The appointment date	November 14, 2017
Percentage of shareholding in the Company	None
Blood relations with directors and executives	None

Educational qualification / training history

- Master of Management Information System, University of Louisville, Kentucky, USA
- Bachelor of Arts (Statistics), Faculty of Commerce and Accountancy, Chulalongkorn University
- Director Accreditation Program (DAP), Class 148/2018, Thai Institute of Directors

Working experience

2019 – the issuance date of this document	Member of the Risk Oversight Committee Bangkok Commercial Asset Management Public Company Limited
2019 – the issuance date of this document	Chairman of the Nomination and Remuneration Committee / Member of the Audit Committee / Director (Independent Director) I&I Consulting Group Co., Ltd.
2017 – the issuance date of this document	Independent Director / Member of the Audit Committee Bangkok Commercial Asset Management Public Company Limited
As of the issuance date of this document	President of Payment System Office Thai Bankers' Association



Miss Wilai Tantinantana

Director

Age: 58 years

The appointment date: December 7, 2018

Percentage of shareholding in the Company: None

Blood relations with directors and executives: None

Educational qualification / training history

- Master of Arts, Tufts University, USA
- Bachelor of Science, Srinakharinwirot University
- Bachelor of Laws, Thammasat University
- Diploma, International Tax Program, Harvard University, USA
- Diploma, National Defence College, The National Defence Course Class 57
- Director Certification Program (DCP), Class 238/2017, Thai Institute of Directors
- Risk Management Program for Corporate Leaders (RCL), Class 2017, Thai Institute of Directors
- Board Nomination and Compensation Program (BNCP), Class 7/2019, Thai Institute of Directors
- Thai Information Technology Group (ITG), Class 11/2019, Thai Institute of Directors

Working experience

2019 – the issuance date of this document	Member of the Nomination and Remuneration Committee / Chairman of the Corporate Governance and Social Responsibility Committee Bangkok Commercial Asset Management Public Company Limited
2018 – the issuance date of this document	Director Bangkok Commercial Asset Management Public Company Limited
2018 – the issuance date of this document	Inspector, Ministry of Finance Ministry of Finance
2015 -2018	Excise Tax Strategy Consultant Excise Department
2013 – 2015	Deputy Director General Excise Department
2007 - 2013	Director, Tax Planning Office Excise Department



Mr. Bundit Anantamongkol

Director

Age: 57 years

The appointment date April 5, 2019

Percentage of shareholding in the Company None

Blood relations with directors and executives None

Educational qualification / training history

- Master of Business Administration (Finance), University of Stirling, United Kingdom
- Bachelor of Science (Chemistry), Chulalongkorn University
- Director Certification Program (DCP), Class 75/2006, Thai Institute of Directors
- Advanced Audit Committee Program (AACP), Class 39/2012, Thai Institute of Directors

Working experience

2018 – the issuance date of this document	Director / Member of the Executive Committee Bangkok Commercial Asset Management Public Company Limited
2018 – the issuance date of this document	Independent Director / Investment Committee Vayupak Fund 1
2017 – the issuance date of this document	Independent Director / Audit Committee / Chairman of the Risk Management Committee Latex Systems Public Company Limited
2017 – the issuance date of this document	Independent Director / Risk Management Committee Chairman of the Investment Committee / Nomination and Remuneration Committee Thai Credit Guarantee Corporation
2017 – the issuance date of this document	Innovation Investment Committee Bangchak Initiative and Innovation Center
1996 - 2017	Vice President / Investment Director American International Assurance Co., Ltd.



Mr. Songpol Chevapanyaroj

Director

Age: 47 years

The appointment date	November 1, 2017
Percentage of shareholding in the Company	None
Blood relations with directors and executives	None

Educational qualification / training history

- Master of Business Administration (Finance), Case Western Reserve University, Ohio USA
- Bachelor of Science (Finance), University of Findlay, USA
- Senior Finance and Finance Executive Course, Class 3, Public Fiscal and Accounting Personnel Development Institute, Comptroller General's Department
- Director Certification Program (DCP), Class 231/2016, Thai Institute of Directors
- Corporate Governance for Capital Market Intermediaries (CGI), Class 7/2015, Thai Institute of Directors

Working experience

2020 – the issuance date of this document	Chairman of the Risk Oversight Committee Bangkok Commercial Asset Management Public Company Limited
2019 – the issuance date of this document	President / Director Deposit Protection Agency
2019 – the issuance date of this document	Independent Director / Member of the Audit Committee / Member of the Risk Oversight Committee Bangkok Commercial Asset Management Public Company Limited
2017 – the issuance date of this document	Director Sabuy Technology Public Company Limited
2017 – 2019	Independent Director / Member of the Audit Committee Bangkok Commercial Asset Management Public Company Limited
2017 – 2019	Director Dhanarak Asset Development Co., Ltd.



Mr. Somporn Moonsrikaew

Director

Age: 59 years

The appointment date	July 6, 2018
Percentage of shareholding in the Company	None
Blood relations with directors and executives	None

Educational qualification / training history

- Master of Public and Private Management (M.P.P.M.) Graduate School of Public Administration, National Institute of Development Administration (NIDA)
- Bachelor's Degree, Faculty of Education, Kasetsart University
- Director Accreditation Program (DAP), Class 150/2018, Thai Institute of Directors

Working experience

2018 – the issuance date of this document	Director/President/ Member of the Executive Committee Bangkok Commercial Asset Management Public Company Limited
2019 – 2019	Acting Senior Executive Vice President, Regional Assets Development and Distribution Bangkok Commercial Asset Management Public Company Limited
2018 – 2019	Member of the Risk Oversight Committee Bangkok Commercial Asset Management Public Company Limited
2013 – 2018	Senior Executive Vice President, Sales Management Group Bangkok Commercial Asset Management Public Company Limited
2011 – 2013	Senior Executive Vice President, Regional Debt Restructuring Group Bangkok Commercial Asset Management Public Company Limited
2010	Executive Vice President, Regional Debt Restructuring Group 1 Bangkok Commercial Asset Management Public Company Limited

Management Team

Mr. Choopong Phokhasawadi

Senior Executive Vice President
Head Office Debt Restructuring Group
Age 54 years

Appointment date: October 1, 2016
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Bachelor Degree in International Economics, Ramkhamhaeng University

Working experience:

2016 - the issuance date of this document	Senior Executive Vice President Head Office Loan Restructuring Group Bangkok Commercial Asset Management Public Company Limited
2011 – 2016	Executive Vice President Loan Restructuring Group 2 Bangkok Commercial Asset Management Public Company Limited

Mr. Somboon Ruangsurakait

Senior Executive Vice President
Sales Management Group
Age 59 years

Appointment date: October 1, 2018
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Bachelor of Laws, Ramkhamhaeng University

Working experience:

2016 - the issuance date of this document	Senior Executive Vice President Sales Management Group Bangkok Commercial Asset Management Public Company Limited
2015 – 2018	Executive Vice President Sales Management Group 1 Bangkok Commercial Asset Management Public Company Limited
2014 – 2015	Executive Vice President Sales Management Group Bangkok Commercial Asset Management Public Company Limited
2009 – 2014	Executive Vice President Assets Management Group Bangkok Commercial Asset Management Public Company Limited

Mr. Phongsathon Maneepim

Senior Executive Vice President
Regional Debt Restructuring Group 1
Age 49 years

Appointment date: October 1, 2019
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Bachelor Degree, Faculty of Laws, Thammasat University
- Barrister at Laws, Institute of Legal Education of the Thai Bar
- Training course in Company Secretary Program (CSP), by Thai Institute of Directors
- Training course in Company Reporting Program (CRP), by Thai Institute of Directors
- Training course in Effective Minute Taking (EMT), by Thai Institute of Directors
- Training course in Board Reporting Program (BRP), by Thai Institute of Directors

Working experience:

2017 - the issuance date of this document	Executive Vice President Debt Restructuring Group 1 Bangkok Commercial Asset Management Public Company Limited
2016 - the issuance date of this document	Senior Executive Vice President Regional Debt Restructuring Group Bangkok Commercial Asset Management Public Company Limited
2015 - the issuance date of this document	Company Secretary Bangkok Commercial Asset Management Public Company Limited
2014 – 2017	Executive Vice President Operation Supporting Group Bangkok Commercial Asset Management Public Company Limited
2009 – 2014	Executive Vice President Business Supporting Group 1 Bangkok Commercial Asset Management Public Company Limited
2008	Director of Special Project Department Bangkok Commercial Asset Management Public Company Limited
2004 – 2007	Director of Legal Department Bangkok Commercial Asset Management Public Company Limited

Mr. Suntis Wattanakul

Senior Executive Vice President
Operation Supporting Group
Age 52 years

Appointment date: October 1, 2015
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Master of Science program in Applied Statistics, National Institute of Development Administration (NIDA)
- Master of Engineering (computer and engineering), Assumption University of Business Administration
- Bachelor's Degree, Faculty of Commerce and Accountancy, Thammasat University
- Training course in orientation for CFO Focus on Financial Reporting, Class 1/2018, by Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Training course in strategic CFO for Registered Companies by Thailand Securities Institute (TSI), The Stock Exchange of Thailand.
- Training course in getting to know the latest financial reporting standard that will be used in 2019 and 2020, Class 1/2019, by Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

Working experience:

2019 - the issuance date of this document	Authorized Director Pat Tanadhorn Company Limited
2019 - the issuance date of this document	Authorized Director Sahapanichkijphun Company Limited
2015 - the issuance date of this document	Senior Executive Vice President Operation Supporting Group Bangkok Commercial Asset Management Public Company Limited
2013 - the issuance date of this document	Authorized Director Sahathorn Company Limited
2011 - the issuance date of this document	Chief Financial Officer Bangkok Commercial Asset Management Public Company Limited
2011 – 2015	Executive Vice President Financial Management and Investment Group Bangkok Commercial Asset Management Public Company Limited
2009 – 2011	Executive Vice President Debt Restructuring Group 1 Bangkok Commercial Asset Management Public Company Limited

Mr. Somchai Tanurukpairoj

Senior Executive Vice President
Business Supporting Group
Age 59 years

Appointment date: October 1, 2018
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Master of Public Administration and Business Administration, Faculty of Political Science, Ramkhamhaeng University
- Bachelor of Laws, Thammasat University

Working experience:

2016 - the issuance date of this document	Senior Executive Vice President Business Supporting Group Bangkok Commercial Asset Management Public Company Limited
2014 – 2016	Executive Vice President Business Supporting Group Bangkok Commercial Asset Management Public Company Limited
2013 - 2017	Authorized Director T.S.N. Moderntrade Company Limited

Mr. Chanwit Kaveesoonthornsanoh

Executive Vice President
Financial Management and Investment Group
Age 47 years

Appointment date: October 16, 2017
Percentage of shareholding in the Company: None
Blood relations with directors and executives: None
Educational qualification / training history:

- Master of Management, Drexel University, USA
- Bachelor of Business Administration, Faculty of Commerce and Accountancy, Thammasat University
- Training course in Orientation for CFO Focus on Financial Reporting, Class 1/2018, by Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

Working experience:

2017 - the issuance date of this document	Executive Vice President Financial Management and Investment Group Bangkok Commercial Asset Management Public Company Limited
2013 – 2017	Director of Financial Management and Investment Department Bangkok Commercial Asset Management Public Company Limited
2008 – 2017	Manager of Debt Restructuring Group 3-2 Bangkok Commercial Asset Management Public Company Limited
2007 – 2008	Deputy Manager of Debt Restructuring Group 3-2 Bangkok Commercial Asset Management Public Company Limited

Mrs. Wannee Phankawong

Director of the Accounting and Accounting Department

Age 50 years

Appointment date: October 1, 2018

Percentage of shareholding in the Company: None

Blood relations with directors and executives: None

Educational qualification / training history:

- Master of Accountancy, Faculty of Business Administration, University of the Thai Chamber of Commerce
- Bachelor of Accountancy, Faculty of Accountancy, Bangkok University
- Training course in preparation of financial statements and tax-related caution, by Department of Business Development
- Training course in related financial reporting standards for the asset management business: the foundation and accounting principle that allow accountants to close the daily book and monthly book correctly, in accordance with the financial reporting standard, by Deloitte Touche Tohmatsu Chaiyod Audit Company Limited
- Training course in related financial reporting standards for the asset management business: significant changes in Thailand's financial reporting standards, international financial reporting standards, and financial reporting standards for the asset management business, by Deloitte Touche Tohmatsu Chaiyod Audit Company Limited
- Training course in related financial reporting standards for the asset management business: adaptation of the asset management business to keep up with the changes in the drafts of related of financial reporting standards on financial tools, by Deloitte Touche Tohmatsu Chaiyod Audit Company Limited
- Training course in related financial reporting standards for the asset management business: fundamental accounting of the asset management business – for the strategic management for executives, by Deloitte Touche Tohmatsu Chaiyod Audit Company Limited
- Training course in related financial reporting standards for the asset management business: an in-depth training course on Thailand's financial reporting standards and the financial reporting standards for the asset management business (summary of the important principles and guidelines), by Deloitte Touche Tohmatsu Chaiyod Audit Company Limited
- Training course in the financial tool-related accounting, by Federation of Accounting Professions Under the Royal Patronage of His Majesty the King
- Training course in getting to know the latest financial reporting standard that will be used in 2019 and 2020, by Federation of Accounting Professions Under the Royal Patronage of His Majesty the King

Working experience:

2016 - the issuance date of this document	Director of the Accounting and Accountant Department Bangkok Commercial Asset Management Public Company Limited
2010 – 2018	Manager of the Financial Management and Processing Group Bangkok Commercial Asset Management Public Company Limited
2017	Acting Manager of the Processing Group Accounting and Finance Department Bangkok Commercial Asset Management Public Company Limited
2009 – 2010	Accounting System Development Group Accounting and Finance Department Bangkok Commercial Asset Management Public Company Limited

Corporate Governance

Good Corporate Governance Policy

The Company recognizes the importance of corporate governance, which is the main factor that allows an organization to have good management standards and good business ethics, to ensure its customers and the public that the Company's operational processes are independent, transparent, efficient, and fair for every related party. As a result of implementing corporate governance, the Company will be accepted for its trustworthiness. Corporate governance also promotes the strength of the Company's business operation and allows the Company to achieve its targeted growth securely and sustainably. To achieve this, the Company must disclose its information, under the code of corporate governance (CG Code), as follows.

Guideline 1 Recognize the role and responsibility of the Board of Directors as the organization leaders who sustainably create values to the Company

The Board of Directors emphasizes and recognizes its role and responsibility as the organization leader that must protect and preserve the benefits of shareholders and stakeholders. Therefore, the Board of Directors specifies the Company's strategy and the direction of the Company's business operation, both at present and for the long-term. The Board also specifies the audit process and supervises the Company's business operation, making sure that the Company conducts its business operation transparently, in order to sustainably create add-values to the organization.

Guideline 1.1 Specifying the vision and mission

The Board specifies the Company's vision and mission so the members of the Board of Directors, top executives, executives, and employees may head toward the same direction; whereas the Company's vision and mission will be reviewed on a yearly basis.

Guideline 1.2 Sustainably creating values to the Company

The Board assigns the Corporate Governance and Social Responsibilities Committee with the responsibility of supporting the Company's operation, by specifying the policies, regulations, and guidelines for various business operations of the Company, in a manner that complies with the principle of good corporate governance and corporate social responsibility, in order to bring sustainable success to the Company.

And for this, the Company creates the Corporate Social Responsibility (CSR) Working Group and gives them the duty to consider the CSR-related plans and activities; and to provide aids to the society in various dimensions, such as providing educational supports, helping the suffered and underprivileged people, as well as engaging in many activities for the public charity and public interest.



Guideline 1.3 The Board of Directors' authority

The Board of Directors has the authority to manage the Company and its business operation; to make sure that the Company will conduct its operation while complying with the law, and under the given objectives, the articles of association, and the resolution of the shareholders' meeting.

Guideline 1.4 The sub-committees' authority

The Board of Directors will appoint another 5 sub-committees, namely, the Executive Committee, the Audit Committee, the Risk Oversight Committee, the Corporate Governance and Social Responsibilities Committee, and the Nomination and Remuneration Committee. These sub-committees will be responsible for the tasks given to them by the Board of Directors.

Guideline 2 Specify the Company's objectives and goals for sustainability

Guideline 2.1 Specifying the policies, goals, and strategies

The Board of Directors specifies the Company's policies, goals, and strategies for the Company's business operation, as well as considers and approves the business plan and the annual budget plan, in accordance with the Company's business operation.

Guideline 2.2 Conducting the business operation under the strategic plans and visions

In order to conduct its business operation under the strategic plans and visions, the Board of Directors therefore specifies the business goals and uses them as a guideline for the operation.

Guideline 3 Strengthen the Board of Directors' effectiveness

Guideline 3.1 The structure and the proportion of the Company's Board of Directors

In terms of its structure, the Board of Directors is comprised of the Board of Directors and other sub-committees, namely, the Executive Committee, the Audit Committee, the Risk Oversight Committee, the Corporate Governance and Social Responsibilities Committee, and the Nomination and Remuneration Committee.

3.1.1 The Board of Directors

In terms of its structure, the Board of Directors is comprised of the president and directors, for a total of not more than 11 members. The Board of Directors must also contain independent directors, which are accounted for not less than one-third of all members of the Board and for not fewer than 3 independent directors.

3.1.2 Independent directors

The Company instructs its independent directors to verify and certify their independence on their own.

Guideline 3.2 The Board tenure

Members of the Board of Directors will be in their office for a specific tenure, that is, after every annual general meeting of the Board of Directors, one-third of the Board of Directors (1/3) must vacate their offices. If the number of the members of the Board of Directors cannot be directly divided into three parts (3), members of a number that is as close as possible to the one-third (1/3) of the Board of Directors must vacate their offices.

Members that must vacate their offices in the first and second year after the registration of the Company will be selected by lottery. For the later years, members who hold their offices for the longest must vacate their offices first. Members of the Board of Directors who already vacate their office can be re-nominated and re-elected into the position of a director again.

Besides the vacancy of the office at the end of the term, members of the Board of Directors will be vacated from their offices when they:

(1) Die.
(2) Resign.
(3) Lack of the required qualification or possess the forbidden characteristics by the law.
(4) The shareholders' meeting passes the resolution that requires their resignation.
(5) The court issues an order that requires their resignation.

Guideline 3.3 Nomination and appointment of members of the Board of Directors and the chairman

For the nomination and appointment of members of the Board of Directors, the Company appoints the Nomination and Remuneration Committee and assigning them the responsibility of considering, selecting, and nominating individuals to the position of directors. During the director recruitment and nomination process, the Nomination and Remuneration Committee will consider the applicants' knowledge, ability, and qualification. Applicants must not possess any forbidden characteristics and must possess the qualification that is required by the related laws. Applicants must not have any conflict of interest or interest in the Company's business operation.

The chairman of the Company will be appointed by the Board of Directors. The chairman will be responsible for specifying and supervising the Company's policies and evaluating and monitoring the Company's performance. The functionality of the Board of the chairman will be separated from the managerial functions of the Company. The main role and responsibility of the chairman are to supervise and to make sure that the Board of Directors will perform their duties efficiently and independently from the management. The chairman will supervise the Board of Directors, top executives, executives, and every employee, to observe and follow the principles of good corporate governance and business ethics in their operation, until these principles became integral parts of the organization culture.

Guideline 3.4 Specify the directors' compensation

The Board of Directors instructs the Nomination and Remuneration Committee to consider and to specify the annual compensation of directors of the Company, by considering the comparable data from similar businesses then presenting the proposed compensation for the shareholders' approval.

Guideline 3.5 The Board of Directors Meeting

The Board of Directors meeting will be scheduled in advance for each year. The directors are encouraged to carefully exercise their discretion during the Board of Directors meeting and to manage the meeting time appropriately. Also, all directors are required to attend every Board of Directors meeting, except for the case of necessary.

Guideline 3.6 The investment policy of the Company, for the case of subsidiaries and/or affiliated companies

At present, the Company doesn't have any subsidiary or any affiliated company, however, if in the future, as a result of further investment, the Company may create additional subsidiaries and/or affiliated companies. And for this, the Company will specify the framework for its investment policy and focuses its investment in the business that supports the Company's main business operation, improves the overall efficiency of both companies' business operations (synergy), or creates the benefits or the return-on-investment from such companies.

Guideline 3.7 The director evaluation

The Board of Directors evaluates the performance of its members regularly, whether evaluating the individual director's performance or of the Board as a whole, on a yearly basis. The evaluation result will be used for further development and improvement of the Board's conduct.

Guideline 3.8 Development of the Board of Directors and the new director

3.8.1 The development plan for the Board of Directors

The Board of Directors makes sure that every member possesses the knowledge and understanding about their role and duty; and about the Company's business operation and related laws thereof. The Board of Directors promotes all directors to further develop and improve the knowledge and ability required for the performing of their duty as directors regularly.

3.8.2 Orientation of the new director

The Company instructs the Company's secretary to meet with the newly appointed director and to give him or her related information.

Guideline 3.9 Reporting to the Board of Directors

The Board of Directors appoints a secretary of the Company, in order to perform the duty required under Article 89/15 of the Securities and Exchange Act, and the amendments thereof, on the subject regarding the role and duty of the Company's secretary. The Company also provides training courses on the subjects that are relating to the required qualification of the secretary.

Guideline 4 Recruit and develop top executives and employee management

Guideline 4.1 Recruiting and evaluating the performance of the managing director

Recruiting the managing director

The Nomination and Remuneration Committee will be responsible for recruiting and selecting individuals with the appropriate knowledge and experience, and dominating them as the managing director, to the Board of Directors, in accordance with the laws and regulations that are enforceable on the Company.

Guideline 4.2 Recruiting and developing top executives

Recruiting top executives

The Board of Directors instructs the Nomination and Remuneration Committee to supervise the selection process for recruiting top executives; as well as to determine their compensation as per the efficiency of their performance.

Top executive development plan

In order to ensure that the Company will successfully and continuously achieve its business goals, the Board of Directors recognizes the importance of the preparation of the succession plan; to make sure that the Company will be guided by top executives who have the sufficient knowledge and abilities to perform their functions and to fill the vacant positions or to assume the new position in the future.

Guideline 4.3 The structure of the relationship with shareholders

The Board of Directors understands the structure of the Company's relationship with its shareholders and arranges the meeting with shareholders at least once a year, in order to discuss with them the doubtful issues or issues that may potentially affect the Company's business operation.

Guideline 5 Promotion of innovation and responsible business conduct

Guideline 5.1 Promoting the innovation

The Board of Directors promotes innovations that lead to achieving new standards and improving the operation's efficiency. The Company cultivates among its employees the open-minded for changes and creative innovations that can be used for linking the Company's goals and its ability to answer the demands of its customers and society evenly. The Company does so by giving all employees of every level the opportunity to express their opinion.

Guideline 5.2 Resource allocation and management

The Board of Directors monitors and supervises the Company's resource management, makes sure that the Company will manage its resources efficiently and effectively; while considering the potential effects and the resource development, which includes its employees, partners, customers, and stakeholders.

Guideline 5.3 Information system security policy

The Board of Directors defines the Company's information system security policy, in order to safeguard the Company's information system, to ensure that the Company's information system will be well managed and supervised, with great efficiency; in accordance with the provisions of the law and the announcement of the Electronic Transaction Committee, on the subject of the policy and guideline for safeguarding the information system of government organizations, B.E. 2553, based on the ISO/IEC 27001 Standard.

Guideline 6 Implement an appropriate risk management system and internal control system

Guideline 6.1 The risk management and internal control

The Board of Directors implements an efficient and effective internal control system and appropriately manages the Company's risk.

Guideline 6.2 Audit and internal control

The Board of Directors appoints the Audit Committee, which is comprised of one chairperson of the Audit Committee and the audit directors that are no fewer than 2 but not more than 4 directors. The members of the Audit Committee must possess the qualification and perform their functions, as specified by the regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as by the related laws and the principle of good corporate governance, in order to bring sustainable success to the Company.

Guideline 6.3 Management of the conflict of interest

The Board of Directors recognizes the importance of preventing the conflict of interest and, therefore, specifies the policy and the guideline for preventing the conflict of interest, whereas directors, top executives, executives, and employees of the Company are forbidden to conduct any business operation in a competitive manner against the Company, to avoid conducting any related party transactions that may lead to the conflict of interest.

Guideline 6.4 Anti-corruption policy

The Board of Directors specifies the anti-corruption policy, in order to ensure the efficiency of the Company's management and the Company's compliance with the required standard for companies that registered on the SET. The Board of Directors emphasizes all types of anti-corruption activities and promotes all directors and employees to cultivate the anti-corruption mindset and to recognize the harmful effects of corruption. The Company creates the right value among its employees and improves the confidence of all of its stakeholders by cultivating and building good conscience among its directors and employees of every level. The Company makes sure that they recognize the importance of this issue, conduct their tasks and duties honestly, refrain from exploiting their positions or authority for the benefits of any persons, and know the potential punishments, harmful effects, and damages from corruption. The Company specifies the guideline that all directors and employees of every level must acknowledge and follow.

Guideline 7 Maintain financial credibility and information disclosure

Guideline 7.1 Accounting policy

The Board of Directors makes sure that the Company will have the accounting system, the financial reporting system, and the auditing system that are reliable and complying with the international standard, the accounting standard, and the financial reporting standard that are applicable to the Company; in order to improve the confidence of all stakeholders.

Guideline 7.2 Financial liquidity and the debt service coverage capability

The Board of Directors instructs the Assets and Debts Management Working Group to specify the Company's policy for purchasing non-performing loans and non-performing assets (NPLs/NPAs) from financial institutions; and to prepare the Company's financial liquidity and to specify the guideline for financing, in order to support the Company's operation plan.

Guideline 7.3 Sustainability reporting

The Board of Directors appoints the Corporate Governance and Social Responsibilities Committee with the responsibility of supervising and monitoring the Company's operation, and to make sure that the Company will always adhere to the principle of good corporate governance by improving the Company's credibility and creating the benefits to its related parties and stakeholders, in order to further elevate the Company's good corporate governance plan to the sustainable development plan.

7.3.1 Anti-corruption

The Board of Directors emphasizes all types of anti-corruption activities; promotes and encourages all of the Company's directors and employees of every level to possess the anti-corruption mindset and to recognize the harmful effects of corruption. The Board creates good values among the Company's employees and improves the stakeholders' confidence in the Company by creating and implementing the anti-corruption policy that is complying with the Company's policy on good corporate governance and business ethics, as an operational guideline of the Company. The Board requires all of the Company's directors and employees of every level to acknowledge and follow the Company's anti-corruption policy.

7.3.2 Conducting business with fairness

The Board of Directors specifies the business operation framework and guideline that reflects the fair competition, stimulates the creation of innovations and efficient service providing and operation that will lead to the reduction of the organization's cost in the long term. The Board also promotes corporate social responsibility and the respect of the ownership right, whether in the physical property or intellectual property.

7.3.3 Respecting the human rights

The Board of Directors emphasizes the respect for human rights and implements this as part of the Company's core policy for achieving sustainability in its business operation. The Company recognizes and

respects the human rights and dignity of every employee. This principle is the foundation for high-quality and high-value business operations, as the Company recognizes that employees are a vital factor in the creation of high-quality products. Therefore, the Company emphasizes the fair treatment of its employees, whether in terms of the opportunity, the compensation, the appointment, the assignment, and the development of its employees' potential, alongside the development of their moral and virtue; in order to turn every employee into knowledgeable, competent, and good members of the society. Some of the Company's efforts on this subject are, including, the fair employment, the provision of compensation that is appropriate to the employee's potential, the environment protection, the work system that ensures the safety of the employees' lives and properties and good health, the employee development program that allows all employees to improve their skills and potential thoroughly, and the communication program that allows employees to learn about the Company's news regularly.

7.3.4 Labor treatment with fairness

The Board of Directors emphasizes the subject of labor treatment with fairness and respects the employees' individuality and human dignity, in accordance with the principle of international human rights and good ethics, in order to achieve a peaceful society and to sustainably grow the organization.

7.3.5 Responsibility to customers*

The Board of Directors adheres and follows policies that will maximize the satisfaction of customers who buy the Company's assets and use the Company's services, in order to make sure that, besides getting the products and services of the best quality at fair prices, the Company also recognizes the safety-related issues that may affect the society or the environment, as well as refrains from conducting any actions that may violate or deprive customers' right.

* Note customers mean customers of the Company's main business transactions, namely:
  - NPAs buyers / lessees
  - Debtors of NPLs bought/acquired by the Company.

7.3.6 Community and society development

The Board of Directors specifies the framework and guideline for community and society development, with the focus on promoting the society's strength, encouraging everyone to live happily together, creating opportunities in the education, art, and culture, in accordance with the government's direction of development and the local community's lifestyle; in order to sustainably improve the quality of life and economy of the community.

7.3.7 Resource, environment, and energy management

The Board of Directors emphasizes all employees of every level to participate in the protection of their work area's environment, including (1) the pollution prevention, (2) the sustainable use of resources, (3) the reduction of, and adaptation to, global warming, and (4) the environment protection and the development of environmental protection-related activities. The Company also emphasizes the worthy use of resources, implements the environmental control and pollution treatment measure, and monitors the quality of both the internal environment of the organization and the external environment of the community, in order to make sure that all of the Company's activities are environmental friendly.

7.3.8 Innovation and innovation distribution

The Company specifies the guideline for innovation development that leads to the betterment of operation standards and procedures to be more efficient. The Company also cultivates a good sense among its employees, turning them into open-mined individuals that are ready to accept changes and to create new innovations, while linking the Company's goals and its capability to answers the demands of customers and the society evenly.

7.3.9 Corporate social responsibility report preparation

The Board of Directors is determined to sustainably develop the organization and, therefore, requires that the Company must prepare and present the corporate social responsibility report, as part of its annual report, to the public and stakeholders.

Guideline 7.4 Investor Relations Division

The Board of Directors creates the Investor Relations Group under Corporate Communication Department, with the responsibility of communicating with shareholders, stakeholders, investors, analysts, or the mass media appropriately, equally, and in a timely fashion. This group is responsible for studying and analyzing the Company's shares and the trading of the Company's securities, in order to maintain the stability and to create add-values to those shares; to build the confidence, and to improve the good image and attitude of the Company, among investors, analysts, and financial institutes. This group also serve as a center of communication, for exchanging the news and information on investment-related activities with both domestic and foreign investors.

Guideline 7.5 Information disclosure and transparency

The Board of Directors instructs the Company to disclose its vital information, including financial information and non-financial information, correctly, completely, in a timely fashion, and transparently; through channels that are easy to access, equal, and reliable

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The Board of Directors appoints the Corporate Communication Department with the responsibility of public relations and disclosure of financial and non-financial information so shareholders, customers, and stakeholders may equally acquire such information, as required by the law. Vital information of the Company will be disclosed correctly, completely, at the scheduled period, through the Company's channels for public relations and communication (such as the annual report and/or the Company's website).

The Company equally provides opportunities to all types of shareholders/investors to contact the Company, through various available communication channels, including the company

Types of shareholders / investors	Communication channels	Number of contact request	Number of contact acceptance	Acceptance percentage (%)
Institutional investors (Thai)	Company visit / 1-on-1 meeting	5 companies	5 companies	100%
Institutional investors (Foreigner)	Conference call	2 companies	2 companies	100%
Analysts / securities companies	Company visit / 1-on-1 meeting	14 companies	14 companies	100%
Personal fund managers	Company visit / 1-on-1 meeting	4 companies	4 companies	100%
Small investors	Company visit	4 groups (42 persons)	4 groups (42 persons)	100%

Note: As of January, 31, 2020.

Guideline 8 Shareholders' participation and communication promotion

Guideline 8.1 Giving shareholders' opportunity to participate in the decision making process

The Board of Directors gives every shareholder the opportunity to participate in the decision making, as they have the right as the Company's owners. The Company makes sure that every shareholder will receive such a fundamental right equally and fairly, as required by the law.

Guideline 8.2 The guideline for arranging a shareholders' meeting

The shareholders are responsible for defining the direction and controlling the operation of the Company. They appoint the Board of Directors to supervise the Company's management on their behalf. The Company promotes shareholders to exercise all their rights completely.

Guideline 8.3 The communication channel for distributing the information on the shareholders' meeting

The Board of Directors makes sure in the disclosure of the resolution from the shareholders' meeting; and that the minutes of the shareholders' meeting is prepared correctly and completely.

The Sub-committees

The company has 5 sub-committees, namely, (1) the Audit Committee, (2) the Executive Committee, (3) the Risk Oversight Committee, (4) the Nomination and Remuneration Committee, and (5) the Corporate Governance and Social Responsibilities Committee. The detail and the scope of authority of these sub-committees are, as follows.

The Audit Committee

As of December 19, 2019, the Audit Committee was comprised of 4 members, as follows.

Name	Position
1. Mr. Vasant Thienhom	The chairman of the Audit Committee
2. Mr. Yos Kimsawatde	Member
3. Mrs. Maneerat Srisaovajati	Member
4. Mr. Songpol Chevapanyaroj	Member

The Director of the Internal Audit Department serves as the secretary of the Audit Committee.

Mrs. Maneerat Srisaovajati is a member of the Audit Committee who has extensive and sufficient knowledge and experience to perform her duty in validating the credibility of the Company's financial statements.

The scope of the Audit Committee's authority and duty is subjected to the Company's Announcement regarding the Audit Committee Charter, dated June 2, 2017; and SET's announcement, on the subject of the qualification and the scope of operation of the Audit Committee; as follows.

(a) Review the Company's quarterly financial report and annual financial report, in order to make sure that those financial reports are prepared correctly and completely, in accordance with the generally accepted accounting principle.

(b) Review and make sure that the Company has the internal control system, the good corporate governance system, the risk management system, and the internal audit system that are appropriate and effective. Review the independence of the Internal Audit Department, as well as approve the appointment, assignment, termination, and performance evaluation result of the chief executive of the Internal Audit Department, and/or hiring or engaging other companies or organizations to provide their internal audit service to the Company.

(c) Review and make sure that the Company observes and follows the Securities and Exchange Act, and SET's regulations. as well as any laws, provisions, and regulations that are applicable to the Company.

(d) Review and make sure that the Company observes and follows the anti-corruption policies and measures sufficiently and appropriately.

(e) Consider, select, and nominate independent individuals to the position of the Company's auditor, as well as consider the compensation for such individuals and attend the meeting with the auditors, without the participation of the management, at least once a year.

(f) Review the related party transaction or transactions that may present the conflict of interest and make sure that those transactions are complying with the laws and SET's regulations. Make sure that such transactions are reasonable and profitable to the Company.

(g) Prepare and present the Audit Committee's report, as part of the Company's annual report. The Audit Committee's report must be signed by the chairperson of the Audit Committee and must, at least, contain the following information:

(1) The Audit Committee's opinion regarding the correctness, the completeness, and the reliability of the Company's financial report.

(2) The Audit Committee's opinion regarding the sufficiency of the Company's internal control system.

(3) The Audit Committee's opinion regarding the Company's compliance with the

Securities and Exchange Act and SET's regulations, or laws that are related to the Company's business operation.

(4) The Audit Committee's opinion regarding the appropriateness of the Company's auditors.

(5) The Audit Committee's opinion regarding transactions that may potentially create the conflict of interest.

(6) The number of the Audit Committee's meeting and the number of the meeting attendance of the Audit Committee's members.

(7) The Audit Committee's general opinion or observation of their functioning under the Audit Committee Charter.

(8) Other information that the Audit Committee deems that shareholders and investors should be aware of, in accordance with the scope of authority and duty of the Audit Committee that the Board of Directors assigns to the Audit Committee.

(h) During the operation of the Audit Committee, if the Audit Committee founds or suspects that any of the following transactions or actions may significantly affect the Company's financial position and operational outcome, the Audit Committee must report the issue to the Board of Directors, in order to resolve and improve the issue, within the timeframe deemed appropriate by the Audit Committee:

(1) Transactions that may potentially lead to the conflict of interest.

(2) The corruption, abnormality, or significant defective issues within the Company's internal control system.

(3) The violation of the Securities and Exchange Act and SET's regulations, or laws that are applicable to the Company's business operation. If the Board of Directors fails to cause the issues to be resolved or improved within the aforementioned period, any members of the Audit Committee may report the aforementioned transactions or actions to SEC and SET.

(i) Approve the Internal Audit Department's charter, auditing plan, and annual budgeting plan.

(j) Create the Audit Committee Charter that is in line with the Audit Committee's scope of responsibility over the Company's operation, under the approval of the Board of Director; and review the appropriateness of such a charter at least once a year.

(k) Perform any operations as required by laws, rules, and/or regulations that are applicable to the Company; or as assigned to the Audit Committee by the Board of Directors, under the scope of duty and responsibility of the Audit Committee.

(l) In its operation under this charter, the Audit Committee will be directly responsible to the Board of Directors; and the Board of Directors will be responsible to the Company's operation and outsiders.

The Executive Committee

As of May 22, 2019, the Company's Executive Committee was comprised of 5 members, as follows.

Name	Position
1. Mr. Bunyong Visatemongkolchai	The chairman of the Executive Committee
2. Miss Kornpranom Wongmongkol	Executive director
3. Mr. Vichan Amornrojjanawong	Executive director
4. Mr. Bundit Anantamongkol	Executive director
5. The President	Executive director and secretary

The President serves as the secretary of the Executive Committee.

The scope of duty and authority of the Company's Executive Board, in accordance with the Company's Order, No. 024/2562 (2019), on the subject of the appointment of the Executive Committee, dated May 22, 2019, is, as follows.

(a) Determine the Company's goals and primary policies for the Company's operation.

(b) Consider and approve the Company's policies, strategies, and guidelines for fund raising, investment, joint investment, risk management, asset development and modification, and NPAs sales and utilization, in accordance

with the condition of the economy and the competition.

(c) Consider and evaluate the appropriateness of the Company's liquidity development plan, monitor the Company's liquidity-related condition, review the liquidity management plan, and evaluate the severity of the problems and give the instruction for solving those problems, in accordance with the guideline for liquidity management during crisis.

(d) Consider the Company's budget plan and supervise the Company's operation to be efficient and to create the maximum benefits.

(e) Hire outsiders or external organizations to provide their services to the projects.

(f) Appoint other sub-committees and working groups.

The Risk Oversight Committee

As of November 19, 2019, the Risk Oversight Committee was comprised of 4 members, as follows.

Name	Position
1. Miss Rasa Kanjanasai	The chairman of the Risk Oversight Committee
2. Mr. Yos Kimsawatde	Member
3. Mr. Somphan Eamrungroj	Member
4. Mr. Songpol Chevapanyaroj	Member

Note : Miss Rasa Kanjanasai resigned from the position of the Chairman of the Risk Oversight Committee and Mr. Songpol Chevapanyaroj was appointed as the new Chairman of the Risk Oversight Committee. The appointment became effective on February 7, 2020, and henceforth.

The Director of the Organization Development and Risk Management Department serves as the secretary of the Risk Oversight Committee.

The scope of duty and authority of the Company's Risk Oversight Committee, in accordance with the Company's Order, No. 045/2562 (2019), on the subject of the appointment of the Risk Oversight Committee, dated November 19, 2019, is, as follows.

(a) Determine the risk oversight guideline for the organization-/division-/department-/office-level and provide their consultation on the subject of risk management.

(b) Consider and approve the risk management rules.

(c) Monitor the development of the risk oversight guideline and supervise the creation of the risk management system that links with the organization's strategies.

(d) Monitor the important risk identification and evaluation process and make sure that such a process is appropriate, as well as adjust the process with the situation.

(e) Consider and approve the risk management plan.

(f) Report to the Board of Directors on the progress of the risk management and the organization's risk status.

(g) Communicate and collaborate with the Audit Committee, regarding the important risks.

(h) Monitor and drive the development of employees' capability, the change of the organizational culture, the continuous improvement of the risk management; in order to make employees of every level to recognize the risks and the risk management of every department.

(i) Appointment individuals or working groups for the risk management so the process will be conducted appropriately and efficiently.

(j) Perform any tasks given to them.

The Nomination and Remuneration Committee

As of May 22, 2019, the Company's Nomination and Remuneration Committee is comprised of 4 members, as follows.

Name	Position
1. Mr. Vasant Thienhom	The chairman of the Nomination and Remuneration Committee
2. Miss Wilai Tantinantana	Member
3. Miss Rasa Kanjanasai	Member
4. Mr. Sumate Maneewattana	Member

Note : Miss Rasa Kanjanasai resigned from her position as a member of the Nomination and Remuneration Committee. The resignation became effective on February 1, 2020, and henceforth.

The Director of the Human Resource Management serves as the secretary of the Nomination and Remuneration Committee

The scope of duty and authority of the Company's Nomination and Remuneration Committee, in accordance with the Company's announcement, on the subject of the Nomination and Remuneration Committee Charter, dated May 22, 2019, are, as follows

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(a) Determine the guideline and rules for recruiting and selecting individuals of appropriate qualification and nominate them to the Board of Directors' consideration for appointing them to the following positions:
   (1) Directors.
   (2) Substituted directors for those who vacated their offices.
   (3) Members of the sub-committees that are given with the authority and responsibility from the Board of Directors.
   (4) Top executives.
   (5) Executives.

(b) Consider and determine the annual compensation of the Company's directors, as well as the rules or methods for paying such compensation that is both fair and reasonable; and present the issue to the Board of Directors, in order to further present the issue to the Shareholders' Meeting.

(c) Consider and determine the annual compensation of the Company's directors, as well as the rules or methods for paying such compensation that is both fair and reasonable; and present the issue to the Board of Directors, in order to further present the issue to the Shareholders' Meeting.

(d) Present the rules and methods for evaluating the performance of the president; consider and evaluate the performance, as well as determine the compensation of the president, under the terms and conditions of the employment agreement. As well as consider and present the rules and methods for evaluating the performance of the senior executive vice presidents; and evaluate the performance of senior executive vice presidents, and present the outcome for the Board of Directors' consideration.

(e) Considers the terms and conditions that will be used when the Company issue new assets (or the certificate of right to buy the Company's shares) to its directors and employees.

(f) Review the succession plan and the top executive performance development plan, in order to maintain the continuity of the operation with the solid line of succession; and present the plan for the Board of Directors' consider and approval.

(g) Consider and/or conduct any issues specified by the Board of Directors.

The Corporate Governance and Social Responsibilities Committee

As of May 22, 2019, the Company's Corporate Governance and Social Responsibilities Committee is comprised of 5 members, as follows.

Name	Position
1. Miss Wilai Tantinantana	The Chairman of the Corporate Governance and Social Responsibilities Committee
2. Miss Siriporn Eamrungroj	Member
3. Mr. Manus Suksawasdi	Member
4. Mrs. Maneerat Srisaovajati	Member
5. Mr. Sumate Maneewattana	Member

The Senior Executive Vice President of Operation Support serves as the secretary of the Corporate Governance and Social Responsibilities Committee.

The scope of duty and authority of the Company's Nomination and Remuneration Committee, in accordance with the Company's announcement, on the subject of the Corporate Governance and Social Responsibilities Committee Charter, dated November 12, 2019; and the Company's Order, No. 027/2562 (2019), on the subject of the appointment of the Corporate Governance and Social Responsibilities Committee, dated May 22, 2019, are, as follows.

(a) Consider and determine the Company's policies, plans, and rules, regarding the principle of the good governance, the good corporate governance, the corporate social

and environmental responsibility, as well as the conflict of interest, in accordance with the Company's business operation; and present the issue to the Board of Directors.

(b) Supervise and monitor the Company's performance and make sure that the Company adheres and follows the policies and operation plans, in accordance with the principle of good governance, good corporate governance, and corporate social and environmental responsibility; in order to achieve its goals efficiently.

(c) Propose the regulations on the Company's business operation ethics, as well as the code of conduct of the Company's directors, executives, and employees.

(d) Promote the Company's directors, executives, and employees to continuously participate in the Company's good governance activities and corporate social and environmental responsibility-related activities.

(e) Consider and appoint other sub-committees and working groups to appropriately support the Company's operations, in term of the good governance, the good corporate governance, and the corporate social and environmental responsibility.

(f) Support and provide the opportunities or channels for stakeholders to provide their feedbacks, facts, or observations to the Company; for the purpose of further improving the Company's good governance.

(g) Consider and/or conduct any issues specified by the Board of Directors.

The President

The scope of duty and authority of the President, pertaining to the resolution of the 13/2015 Board of Directors' Meeting, dated November 6, 2015, are, as follows.

(a) Consider and approve the Company's normal business transactions, for the case where the budget of such transactions isn't exceeding the budget previously approved by the Board of Directors, or the budget that the Board of Directors previously approved in general. The approval herein must also be subjected to the Table of Authority specified by the Board of Directors.

(b) Determine the Company's policies, goals, and strategies with the Board of Directors.

(c) Supervise the Company's operations, whether in terms of the asset management, finance, human resource, and other operations, in accordance with the Company's policies and business operation plans that are approved by the Board of Directors and/or the Shareholders' Meeting.

(d) Announce the implementation of the regulations, orders, rules, announcements, and internal memos for the Company's operation, in accordance with the policies, regulations, and the laws.

(e) Monitor, inspect, and control the Company's performance so the Company may yield the desirable operational outcome, as per the given goals; and report the result to the Board of Directors every 6 months.

(f) Further improve the organization's performance and turnover and continuously improve and develop the organization so the organization may sustainably grow.

(g) Study and propose the investment opportunity in new – interesting projects and the financial possibility of said project, in order to make the investment-related decision.

Nomination of directors and top executives

Nomination of independent directors

The Nomination and Remuneration Committee will be responsible for considering and selecting individuals for further nomination to the position of the independent director. And for this, the Nomination and Remuneration Committee will consider such individuals' ability and qualification, in which the individuals must not possess the forbidden qualification and must possess the required qualification, in accordance with the applicable laws. Moreover, such individuals must not present any conflict of interest with, or have any interest in, the Company. The Nomination and Remuneration Committee will nominate such individuals for the consideration and approval of the Board of Directors (for the case of the vacancy of a member of the board

from any other reason than the vacancy at the end of the term) or the shareholders, for the appointment of an independent director. The Company determines that the independent directors may verify and certify their independence on their own. The independent directors, according to the Company's definition, must possess the qualification specified in the Guideline 3.12 of the Company's Good Governance Handbook.

Nomination of directors and top executives

(A) Nomination and appointment of directors and Chairman

The Company appoints the Nomination and Remuneration Committee with the responsibility of screening and nominating individuals to the position of directors. In its recruitment and nomination process, the Nomination and Remuneration Committee will consider such individuals' ability and qualification, in which the individuals must not possess the forbidden qualification and must possess the required qualification, in accordance with the applicable laws. Moreover, such individuals must not present any conflict of interest with, or have any interest in, the Company.

The Company's Chairman will be appointed by the Board of Directors. And for the case where the Chairman and the President aren't distinctively separated, the Chairman of the Audit Committee or an independent director may participate in the determination of the meeting agendas with the Board of Directors, in order to implement a system of check and balance between the Board of Directors and the Executive Board.

The Chairman will be responsible for determining and supervising the Company's policies; and monitoring the outcomes. The Chairman's function will be separated from the management of the Company. The Chairman's main role is to supervise and make sure that the Board of Directors will perform their duties efficiently, and independently of the management; and to supervise the Board of Directors, top executives, executives, and employees of every level to observe and follow the principles of good corporate governance and business ethics in their operation, until these principles became integral parts of the organization culture.

Also, pertaining to the Company's articles of association, shareholders have the right to appoint the directors, as follows.

(1) Each shareholder has 1 vote per 1 share.

(2) Shareholders may exercise their right to nominate one or more persons to the position of directors; however, the number of nominees must not exceed the number of directors that will be appointed in that particular election.

(3) For the case where shareholders nominate more than one person to the position of directors, each shareholder will have the voting right for an amount equals to the number of shares they hold. Also, shareholders may not divide their voting right to multiple nominees.

(4) Nominees that receive the highest amount of votes will be successively appointed to the position of directors, for the same number as the number of directors that will be appointed in that particular election. For the case where more two or more nominees receive an equal amount of vote and there are more eligible nominees for the available – vacant position of directors, the chairman of the meeting will have the right to issue the casting vote.

(B) The President

The Nomination and Remuneration Committee will recruit and select individuals of appropriate knowledge, ability, and experience, and will nominate them for the Board of Directors' consideration, in accordance with the laws and regulations that are applicable to the Company.

Supervision the operation of subsidiaries and affiliated companies

At present, the Company doesn't have any subsidiary or any affiliated company, however, if in the future, as a result of further investment, the Company may create additional subsidiaries and/or affiliated companies. And for this, the Company will specify the framework for its investment policy in the subsidiaries and/or affiliated companies, in accordance with the Guideline 3.6 of the Company's Good Governance Handbook.

Supervision of the internal information usage

The Company announces the policy for preventing the use of internal information for securities exchange or against the entering into an obligation under forward contracts, (internal information means any information that hasn't made publicly available and is a vital factor for the change in the price or value of assets), in accordance with the following objectives.

(1) To provide the rules and guidelines for preventing the use of internal information for securities exchange or against the entering into an obligation under forward contracts.

(2) To notify the Company's directors, members of sub-committees, executives, employees, and workers, so they may acknowledge and follow the Company's prohibition on the use of internal information for securities exchange or against the entering into an obligation under forward contracts.

(3) To notify the Company's directors, members of sub-committees, executives, employees, and workers, so they may acknowledge and follow the Securities and Exchange Act, and the amendments thereof, on the subject regarding the prevention of use of internal information for securities exchange or against the entering into an obligation under forward contracts (Insider Trading).

(4) To build the confidence of shareholders, stakeholders, and general investors.

Whereas the Company specifies the guideline regarding the use of use of internal information for securities exchange or against the entering into an obligation under forward contracts that involve the Company's assets, as follows.

1. Do not use the Company's internal information for securities exchange or for entering into an obligation under forward contracts that involve the Company's assets

Individuals specified by the Company (those whose positions or duties allow them to learn about the Company's internal information) must follow the laws on the prohibition of the use of the Company's internal information for securities exchange or for entering into an obligation under forward contracts that involve the Company's assets, as described in Article 242 of the Securities and Exchange Act, and the amendments thereof, which forbid any persons who know or possess the internal information of companies that issue securities from conducting the following actions.

1.1) Do not engage in the securities exchange or enter into an obligation under forward contracts, whether on their own or for other people's behalf, except for one of the following cases.

a) They are following the laws, court orders, or orders of organizations that have the legal authority.

b) They are honoring their obligation under the forward contracts that they entered into before they learn or possess such internal information of companies that issues securities.

c) They do not know about, or make the decision regarding, the transactions as they appoint legitimate licensed or registered individuals to manage the fund or the investment, with the power to make the decision to exchange securities or to enter into an obligation under forward contracts, regarding those assets.

d) They aren't exploiting or taking the advantage of other people or they aren't committing any forbidden actions, in accordance with the SEC's announcement.

1.2) Do not reveal internal information to other persons, whether director or indirectly, though any and all means, if they know or they should know that the recipients of such information may exploit the knowledge by buying or selling of securities or entering into an obligation under forward contracts, regarding those assets; whether on their own or for other people's behalf; except for the case of transactions that aren't exploiting or taking the advantage of other people or they aren't committing any forbidden actions, in accordance with SEC's announcement.

2. For the case of outsiders, the Company will enter into a confidential agreement or contract with outsiders, such as consultants or outsourcers, before allowing them to access the Company's internal information. The Company will require outsider to sign their acknowledgment and obligation under the confidentiality agreement / contract.

3. The Abstain Period

3.1) Individuals specified by the Company must refrain from trading the securities or entering into an obligation under forward contracts, regarding those assets; and must refrain from disclosing internal information to other persons. For the case where they come across internal information that hasn't been made publicly available and may significantly affect the price of the Company's assets, they must refrain from committing the aforementioned actions until the end of the next working day after such internal information has been made publicly available entirely. This is except for the case of actions under the exception specified by the laws, in which they have previously consulted with the Compliance Department.

3.2) Moreover, during the period of 30 days before the disclosure of the Company's quarterly financial information and annual financial information, individuals specified by the Company must refrain from trading the securities or entering into an obligation under forward contracts, regarding those assets; and must refrain from disclosing internal information to other persons; until the end of the next working day after such internal information has been made publicly available entirely.

For the punishment, if there is any violation of the Company's policy on preventing the use of internal information, individuals specified by the Company that violate or fail to observe and follow this policy will be subjected to, besides the legal punishment – both for the criminal offences and civil offences, in accordance with the Securities and Exchange Act, will also be subjected to further disciplinary actions, in accordance with the Company's regulation.

Auditor's compensation

Audit Fee

For the accounting period ended on December 31, 2018, the Company paid the audit fee to the State Audit Office of the Kingdom of Thailand, which served as the Company's auditor, for an amount of Baht 2.1 million. And for the accounting period ended on December 31, 2019, the 2019 Shareholders' Annual General Meeting, which was convened on April 5, 2019, passed the resolution which approved the payment of audit fee to the State Audit Office of the Kingdom of Thailand, which served as the Company's auditor, for an amount of 2.4 million Baht.

The 2/2019 Extraordinary Shareholders' Meeting which was convened on October 15, 2019, passed the resolution to appoint EY Office Limited as the Company's auditor for the year 2020; and specified the audit fee, for an amount of Baht 13 million. The decision made herein was considered and approved by the Audit Committee and the Board of Directors and will become effective after the Company is no longer existing as a state enterprise and, therefore, the State Audit Office of the Kingdom of Thailand can no longer serve as the Company's auditor in 2020.

Non-audit fee

There is no other fee, regarding the auditing process, for the accounting period ended on December 31, 2018, and for the accounting period of six months that ended on June 30, 2019.

Internal Control and Risk Management



Internal Control

The Company's Board of Directors, the Audit Committee, and the Risk Oversight Committee supervise the Company's internal control under the Internal Control Framework specified by COSO 2013 (The Committee of Sponsoring Organizations of The Treadway Commission); and evaluate the sufficiency of the Company's internal control system, using the internal control sufficiency evaluation form specified by SEC and present the internal control framework for the consideration and approval of SEC and then the Company's Board of Directors.

On this matter, COSO's internal control guideline specifies the 5 necessary components of the internal control system, namely, (1) the organization's internal control (control environment), (2) risk assessment, (3) control activities, (4) information & communication systems, and (5) monitoring activities. The Company's internal control activities, under each of the aforementioned components, are as follows:

1. Control Environment

The Company is determined to make all of its departments and units to recognize the importance of implementing the internal control system. Starting from controlling the organization's environment efficiently and effectively, where all employees must uphold the right things and transparency, and must clearly recognize that a good internal control system is a vital component for the Company to continue its business operation and achieve its objectives sustainably, For example, the efficiency and effectiveness of its business operation, the credibility of its financial reports, and its compliance with related laws, rules, and regulations. The overview of the Company's performance in this regard is, as follows:

1.1 Determination of the Company's organizational structure, policies, organization level-operation procedure or overall operation procedure, as well as making employees recognize and cultivate a good sense of completing their tasks as per their responsibility.

1.2 Determination of the scope of the authority and responsibility of the Company's Board of Directors, the Audit Committee, and the President determination the authority to approve and authorize operations and transactions of the Company.

1.3 Determination of goals and annual operation plans of the Company and individual department, in order to provide the task guideline for executives and employees.

1.4 Creation and implementation of the handbook for good corporate governance and corporate social responsibility, business ethics and a guideline for good corporate governance, such as the provision of channels for submitting the complaints, reporting of the potential conflict of interest, as well as the Company's participation in Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC").

1.5 Creation of the reporting tool for the subjects regarding the human resource development of the Company.

1.6 Creation of the guideline for acquiring services from outsources (Outsourcing Guideline) for all departments to observe and follow.

2. Risk Assessment

The Company recognizes the importance of risk management, under changes that affect its business operation, whether from internal or external factors. The Company deems that risk management is an important part of all of its business operation-related processes; Those processes must be inter-connected at each and every level. Therefore, the Company's Board of Directors creates the risk management policy, in which all employees must follow, where employees of all level must evaluate the related risks. The overview of the Company's performance in this regard is, as follows:

2.1 Implementation of systemic risk management in every level of the organization and communicate with all employees in order for them to realize the related risks and the risk management system of the organization and departments.

2.2 Appointing the Risk Oversight Committee and assigning them with the duty to consider and to give their opinion on the Company's risk management.

2.3 Implementation of the tool used for monitoring the overall risk management plan of the organization, as well as the creation of the risk management plan; determination of the Key Risk Indicators ("KRIs") in order to monitor risks regularly.

3. Control Activities

The Company creates the policy for operational control, operational procedure, and operational handbook in writing; reviews the documents regularly or when there are significant changes in the Company. The overview of the Company's performance in this regard is, as follows:

3.1 Determination of the internal control process, both at the organizational level and the important, sub-process level, in accordance with the Company's business operation and control environment.

3.2 Documentation of the operational procedure (Work Flow) of all business transactions are in a written format.

3.3 Segregation of duty and responsibility, for example, the segregation of approval of authority, accounting and information recording duty, etc.

Moreover, the Company specifies the scope of power, responsibility, and authority of executives at each level in the operational procedure, with the aim to clearly segregate the duties in different processes. This is an important control activity that ensures the sufficiency and appropriate control of the operation in every level of the organization; and the Check and Balance between departments and units, especially for potential gain or loss or the conflict of interest activities.

4. Information & Communication Systems

The Company creates information and communication systems for the use of both inside and outside of the organization, in order to improve the

efficiency and effectiveness of its business operation. The overview of the Company's performance in this regard is, as follows:

4.1 Provision of information to support the appropriate communication for both inside and outside of the organization; allowing the organization to operate and achieve its objectives.

4.2 Implementation of the appropriate and efficient information communication processes and channels; for example, the implementation of Intranet, E-mail, etc.

4.3 Implementation of the risk management system with the early warning system, in accordance with KRIs, within the Company's MIS, in order to allow the executives to monitor the organization's risk status.

5. Monitoring Activities

The Company implements the system that monitors and evaluates its internal control, in order to ensure the efficiency and effectiveness of its internal control system, The system will be able to monitor and evaluate the result completely and appropriately as it is designed for; The system will be able to manage the ever-changing risks, as follows.

5.1 Implementation of the process for monitoring the performance and evaluating the internal control result regularly; in order to make sure on the appropriateness of the internal control system.

5.2 Instructing each department to perform the moderate risk assessment in the middle of any given year, in order to monitor and prevent those moderate risks from evolving into high-level risks.

5.3 Instructing each department to prepare and present their reports, in order to review their operation.

5.4 Arranging the Internal Audit Department to directly report to the Audit Committee.

5.5 Regularly monitor and report all risk-related issues to the Risk Oversight Committee, the Audit Committee, and the Board of Directors.

The Company's Risk Oversight Committee, the Audit Committee, and the Board of Directors review the sufficiency evaluation of the Company's internal control system; determine that the Company has the appropriate and sufficient internal control system and risk management system, in accordance with the Company's business operation, and under the guideline specified by SEC.

Audit Committee Report 2019

The Audit Committee of Bangkok Commercial Asset Management Public Company Limited is appointed by the resolution of the Company's Board of Directors. The Audit Committee is comprised of 4 independent directors. The Committee's members are qualified individuals from many industries, who have sufficient knowledge and experience to accept the duty of reviewing the credibility of the Company's financial statements. The Committee's members are, namely, Mr. Vasant Thienhom, the Committee's chairperson; Mr. Yos Kimsawatde, Mrs. Maneerat Srisaowachart, and Mr. Songpol Chevapanyaroj.

In 2019, there was an interim change in the Audit Committee, whereas Mr. Songpol Chevapanyaroj resigned from his position as a director. His resignation became effective on May 6, 2019; The Board of Directors' Meeting passed the resolution to appoint Mr. Songpol Chevapanyaroj back into the position of a director and a member of the Committee. The appointment became effective on November 1, 2019, and was made under the resolution of the 19/2019 Board of Directors' Meeting, on November 1, 2019. For the operation of the Audit Committee, the Committee arranged a total of 18 meetings, as follows.

		Number of participation
1. Mr. Vasant Thienhom	Chairman of the Audit Committee	18/18
2. Mr. Songpol Chevapanyaroj	Member of the Audit Committee	7/12
3. Mr. Yos Kimsawatde	Member of the Audit Committee	13/18
4. Mrs. Maneerat Srisaovajati	Member of the Audit Committee	18/18

The Head of the Internal Audit Department serves as the secretary of the Audit Committee.

In 2019, the Audit Committee performed the tasks given by the Board of Directors, while following the Audit Committee Charter in their operation. During those meetings, the Audit Committee discussed with executives, internal auditors, and auditors on related matters; and reports the result of the Committee's operation to the Board of Directors, on a quarterly basis. The detail of the Committee's operation can be summarized, as follows:

1. Financial report auditing: auditors audit or review the Company's financial reports on a quarterly basis, semi-annual basis, and annual basis. The Audit Committee then reviews and considers the auditors' opinion toward the financial statements, accounting policies, and significant estimations, the disclosure of financial statements' compositions, the compliance with financial reporting standard, and the analysis of important financial ratios; in order to make sure that the Company's financial reports are correct, complete, reliable, and complying with the generally accepted accounting principle.

Moreover, the Audit Committee also reviews and compares the auditors' opinions on the Company's financial statements of the past 3 years; and reviews the appointment of auditors for 2020. The Audit Committee also attends meetings with auditors, without the presence of executive, in order to discuss with them important matters for the preparation of financial reports, the internal control system, as well as any problems obstacles in their operation, in order to improve and adjust those issues.

2. Reviewing the efficiency and effectiveness of the Company's internal control system, the good corporate governance system, and the risk management system; as well as reviewing the Company's general performance and its compliance with the law, regulation, provision, operational procedure, the Cabinet's resolution, announcement, or orders that are related to the Company's business operation: the Audit Committee reviews and evaluates the performance of the Company's internal control for the year, in accordance with the Ministry of Finance's regulation, on the subject of standard and regulation for internal control operation of government organizations, 2018. The Audit Committee submitted the internal control evaluation certificate form to the Ministry of Finance. The form was made using the Form Por. Kor. 1, and dated March 8, 2019, back when the Company was still a state-owned enterprise. Moreover, the Audit Committee also submits the result of its inspection of the Company's management and operations, and the result of the Committee's monitoring of the improvement and adjustment made to the Company's operation. The Committee also presents its opinions or recommendations for a better internal control system and the risk and damage protection, in order to make sure that the Company will have the internal control system, the good corporate governance system, and the risk management system that are appropriate and sufficient; These systems will be able to support the Company's important operations; the Company may efficiently achieve its objectives and goals. The overview of the Committee's operation is, as follows:

2.1 Emphasizing problem-solving activities and the management of the observation of the auditing result; where the Committee evaluates the operation control process and the internal control process while attends the meeting with the executives, in order to consider protective measures that improve the operation's effectiveness and reduce potential errors.

2.2 Emphasizing the development of the system for managing the corporate income tax and the specific business tax and the tax management system inspection plan.

2.3 Emphasizing the importance of an using information technology system to reduce the potential error in the operation and to increase the efficiency of the Company's internal control system.

2.4 Evaluating and giving opinion on the report of related parties transactions between individuals with the possibility of conflict of interest, while following the reasonability and recognizing the interest of the Company's stakeholders, as well as sufficient disclosure of information, in order to make sure that the Company's operation is complying with the regulation, procedure, and policy for related parties transactions.

2.5 Evaluating the corporate governance plan for the annual operation, reviewing corporate governance report prepared and presented by the corporate governance department; to ensure that the internal control system and the corporate governance system are complying with related regulations.

2.6 Reviewing the Company's risk management system, by monitoring the quarterly

progress report of the Company's risk management and the risk management-related plan, in order to validate the Company's risk management process covers important risk factors, that the Company has sufficient risk management guidelines, and to provide beneficial recommendation for the development of the Company's risk management system.

2.7 Reviewing the audit report on the inspection of the Company's management and operation, in accordance with the annual operation plan, as well as reviewing important processes, in order to make sure that the Company has a good internal control system, and that the Company manages the risks appropriately and conduct its operation efficiently, in accordance with the Company's goals and strategies.

3. The corporate governance and internal control sufficiency evaluation: the detail of these subjects can be summarized, as follows.

3.1 Reviewing the Internal Audit Department's Charter for 2019.

3.2 Reviewing and approving the annual auditing plan, the long-term inspection plan, and the annual budget plan of the Internal Audit Department with the aim to cover all the important risks of each and every process (Risk-Based Approach)

3.3 Auditing-related supports

3.3.1 Reviewing and approving the operation auditing handbook of the Internal Auditing Department.

3.3.2 Improving the structure and the scope of manpower of the Internal Auditing Department, where the information technology-related auditing is specifically separated into a specialized unit; reviewing and approving the plan for hiring auditing experts, and evaluating the confidence in the quality of internal audit. (Quality Assurance Review)

3.3.3 Reviewing and approving the use of data analytics, in order to improve the efficiency of the internal audit.

3.4 Promote the development of employees' knowledge and competence by supporting them to acquire certificates of qualification with various aspects of internal audit, in order to make sure that the Company's internal audit in complying with the standard and that it is more efficient. For example, sending employees to attend the Certified Professional Internal Audit of Thailand (CPIAT) and promoting them to take the examination for the professional license.

4. Maintaining the operational standard of the Audit Committee: the Company reviews and updates the Audit Committee Charter regularly, evaluates the Audit Committee's performance, by means of self-assessment, whether in group or individual assessment: in order to make sure that the Audit Committee will conduct their tasks efficiently and that they will achieve the objectives specified on the Audit Committee Charter. The Company also promotes the Audit Committee to attend training courses that will be beneficial to the internal audit operation, in order to improve the quality of the Audit Committee. For example, the Director Certification Program (DCP/272/2019) and the Advance Audit Committee Program (AACP33/2019) provided by the Thai Institute of Directors.

5. Reviewing important processes: in order to make sure of those processes, such as the review of the organization-level evaluation report on the internal control system, the record of non-performing assets and payments, and the review of the following up on outstanding issues of the information technology system.

The Audit Committee performs its duty with due diligence, independently, fairly, and transparently, in accordance with the principle of good corporate governance and the Audit Committee Charter approved by the Company's Board of Directors. The Audit Committee believes that the Company has processes for preparing and disclosing the information of its financial reports that are appropriate and reliable. The Audit Committee believes that the Company has decent / internal control systems, corporate governance systems, and risk management systems. In general, the Audit Committee believes that the Company conducts its business operation while observing all the laws, rules, and regulations that are related to its business operation. The Audit Committee also presents some important opinions and recommendations, in order to further improve the efficiency of the Company's operation.

The Auditor's remark

The State Audit Office of the Kingdom of Thailand ("The Auditor"), which served as the Company's auditor for the accounting period ended on December 31, 2019, gave a remark for the note to the financial statement, for Article 8.11 (b), which describes the deferred corporate income tax revenue that hasn't been recognized as an asset in the statement of financial position. Also, the Auditor didn't provide his conditional opinion on this subject.



The Chief of Internal Audit Department and the Chief of Compliance Department

The Chief of Internal Audit Department was Miss Phansri Diawanan, which was appointed to the position of the Vice president of the Internal Audit Department by the 12/2018 Audit Committee's Meeting, on October 2, 2018.

The Audit Committee deemed that the Chief of the Internal Audit Department possesses the required and sufficient educational qualification, experience, and training for the task thereof. Also, the Audit Committee is responsible for appointing, removing, or re-assigning the Chief of the Internal Audit Department, by considering the chief's qualification, knowledge, ability, and experience, as well as the chief's annual performance.

The Chief of the Compliance Department was Miss Warin Chanthasatrangsi, which was appointed to the position of the Vice president of the Operation Supervision Department by the 2/2019 Board of Directors' Meeting, on February 1, 2019.

Related-party transactions

The following table depicts the Related-party transactions with entities that may present significant conflicts of interest, for the accounting period ended on December 31, 2018, and for the accounting period ended on December 31, 2019. The Related-party transactions herein were approved by the 3/2020 Audit Committee's Meeting, which was taken place on March 1, 2019; and the 3/2020 Audit Committee's Meeting, which was taken place on February 27, 2020, respectively. The detail of the Related-party transactions is, as follows.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
1. Financial Institution Development Fund	The Financial Institution Development Fund (FIDF) is a major shareholder of the Company; as of December 31, 2019, the Development Fund held 41.5 percent of the Company's shares	**1.1 Fee-related transaction** • The fee for Application regarding an Offer for Sale of Newly Issued Securities
2. Krung Thai Bank Public Company Limited	• The Company and Krung Thai Bank PLC are held by the same major shareholder, namely, FIDF As of December 31, 2019, the Development Fund held 41.5 percent of the Company's shares; and 55.1 percent of Krung Thai Bank PLC's shares	**2.1 Fee-related transaction** • Issued debt instrument and loan - At the beginning - Increase - Decrease - At the end - Interest expense

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
	14.1	• According to the terms and conditions specified in the Financial Advisory and Underwriting Agreement (on a best effort basis), for the Company's initial public offerings and registration with the Stock Exchange of Thailand, dated July 4, 2013, (The Financial Advisory Agreement); the Company agreed to be responsible for the fee for Application regarding an Offer for Sale of Newly Issued Securities. The fee must be paid to the Securities and Exchange Commission, on the behalf of FIDF. The fee was paid on November 22, 2019; for an amount of 14,067,825.00 Baht.	• This transaction is subject to the terms and conditions of a financial advisory agreement, previously made in 2013. • The Audit Committee deemed that is transaction was appropriate and reasonable.
- - - - - -	- - 5,500.0 (5,500.0) - 4.5	• As of December 31, 2019, the Company has short-term credit facilities from Krung Thai Bank PLC, for an amount of Baht 500.0 million, for the purpose of managing the Company's liquidity. The aforementioned loan is charged with the same interest rate used in the finance market (Money Market Rate)	• This transaction involves a financial aid received by the Company, with the interest rate and terms and conditions of the loan that are the same as any other normal loans acquire from any other financial institutes that aren't related parties. • The Audit Committee deemed that is transaction was appropriate and reasonable.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
		2.2 Debenture-related transaction • Debenture - At the beginning - Increase - Decrease - At the end • Interest expense • Accrued interest expense

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
120.0 620.1 (194.1) 546.0 6.6 1.5	546.0 244.6 (561.0) 229.6 11.4 1.6	• The Company offers debentures to institutional investors and/or high net worth investors, in order to improve the Company's liquidity. These debentures are unsubordinated, unsecured, without a debenture-holders' representative. The issuer of the debenture also reserves the early right of redemption (depending on the debentures' series) • As of December 31, 2019, Krung Thai Bank PLC held a total of 229,600 units of debentures in the Company, at a price of 1,000 Baht per unit, as follows. • 1/2017, June 23, 2017 - Series 2, for a period of 3 years; maturity date is June 23, 2020, with a fixed interest rate of 2.38 percent per year; for a total amount of 22,400 units. - Series 3, for a period of 5 years; maturity date is June 23, 2022, with a fixed interest rate of 3.41 percent per year; for a total amount of 15,000 units. - Series 4, for a period of 7 years; maturity date is June 23, 2024, with a fixed interest rate of 3.64 percent per year; for a total amount of 50,000 units. • 2/2017, September 8, 2017 - Series 2, for a period of 4 years; maturity date is September 8, 2021, with a fixed interest rate of 2.53 percent per year; for a total amount of 7,200 units. - Series 3, for a period of 6 years; maturity date is September 8, 2023, with a fixed interest rate of 3.44 percent per year; for a total amount of 135,000 units.	• This transaction involves a financial aid received by the Company, whereas the proposed prices and interest rates are of the same prices and rates that the Company proposes to other buyers that aren't related parties. • The Audit Committee deemed that transaction was appropriate and reasonable.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
		2.3 NPAs purchase – paid by issuing the debt instrument • Promissory notes - At the beginning - Increase - Decrease - At the end • Interest expense • Deferred interest expense
		2.4 Transactions concerning deposits made with financial institutes • Deposits made with financial institutes • Interest receivable
		2.5 Rent related-transactions • Rental revenue • Rental deposit

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
88.0 1,011.1 (0.9) 1,098.2 3.9 108.1	1,098.2 399.2 (69.2) 1,428.2 29.6 121.5	• As of December 31, 2019, the Company issued a promissory note to Krung Thai Bank PLC, in order to pay the purchasing price of NPAs. The promissory note herein was interest-free, in accordance with the memorandum of understanding on the NPAs purchase and sales, dated October 9, 2006, that the Company entered into with other 18 financial institutions and asset management companies.	• This transaction was conducted in the ordinary course of company's business operation, in accordance with the memorandum of understanding on the NPAs purchase and sales, dated October 9, 2006, that the Company entered into with other 18 financial institutions and asset management companies. This transaction is subjected to the same terms and conditions as the Company would use with other financial institutions, under the same memorandum of understanding. • The Audit Committee deemed that transaction was appropriate and reasonable.
16.7 0.0	11.2 0.1	• The Company maintains saving accounts and current accounts with Krung Thai Bank PLC, in order to manage its cash flow.	• This transaction was conducted as a normal business support operation. The interest rates provided for these accounts are of the same rates provided by other financial institutions that aren't related parties. • The Audit Committee deemed that transaction was appropriate and reasonable.
0.1 0.0	0.1 0.0	• The Company leases a part of the area in front of its head office to Krung Thai Bank PLC, for the purpose of installing the ATM machine; in accordance with the space lease agreement, dated April 28, 2017; and the renewed agreement, dated April 21, 2018 and April 12, 2019, for a period of 1 year • The Company leases a part of the area in front of its Yala Branch Office to Krung Thai Bank PLC, for the purpose of installing the ATM machine; in accordance with the space lease agreement, dated December 28, 2018, for a period of 1 year	• This transaction was conducted as a normal business support operation. The rent and the payment terms are of the general rates and terms, used for transactionswith non-related parties. • The Audit Committee deemed that transaction was appropriate and reasonable.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
3. Krungthai-AXA Life Insurance Public Company Limited	• The Company and Krung Thai Bank PLC are held by the same major shareholder, namely, FIDF. As of December 31, 2019, FIDF held 41.5 percent of the Company's shares; and indirectly held 27.5 percent of Krungthai-AXA Life Insurance PLC's shares (As FIDF holds 55.1 percent of Krung Thai Bank PLC's shares; and, in turns, Krung Thai Bank PLC holds 50.0 percent of Krungthai-AXA Life Insurance PLC's shares)	**3.1 Debenture-related transaction** • Debenture - At the beginning - Increase - Decrease - At the end • Interest expense • Accrued interest expense

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
4.9 527.0 (0.2) 531.7 11.9 0.7	531.7 720.0 (502.5) 749.2 13.1 2.3	• The Company offers debentures to institutional investors and/or high net worth investors, in order to improve the Company's liquidity. These debentures are unsubordinated, unsecured, without a debenture-holders' representative. The issuer of the debenture also reserves the early right of redemption (depending on the debentures' series) • As of December 31, 2019, Krungthai-AXA Life Insurance PLC held a total of 749,200 units of debentures in the Company, at a price of 1,000 Baht per unit, as follows. ▪ 1/2017, June 23, 2017 - Series 2, for a period of 3 years; maturity date is June 23, 2020, with a fixed interest rate of 2.38 percent per year; for a total amount of 1,300 units. ▪ 2/2017, September 8, 2017 - Series 2, for a period of 4 years; maturity date is September 8, 2021, with a fixed interest rate of 2.53 percent per year; for a total amount of 2,100 units. - Series 5, for a period of 10 years; maturity date is September 8, 2027, with a fixed interest rate of 3.91 percent per year; for a total amount of 120,000 units. ▪ 1/2018, June 21, 2018 - Series 2, for a period of 3 years; maturity date is June 21, 2021, with a fixed interest rate of 2.50 percent per year; for a total amount of 25,800 units. - Series 3, for a period of 7 years; maturity date is June 21, 2025, with a fixed interest rate of 3.88 percent per year; for a total amount of 100,000 units.	• This transaction involves a financial aid received by the Company, whereas the proposed prices and interest rates are of the same prices and rates that the Company proposes to other buyers that aren't related parties. • The Audit Committee deemed that transaction was appropriate and reasonable.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
4. Krungthai Panich Insurance Public Company Limited	• The Company and Krungthai Panich Insurance PLC are held by the same major shareholder, namely, the FIDF As of December 31, 2019, FIDF held 41.5 percent of the Company's shares; and indirectly held 24.8 percent of Krungthai Panich Insurance PLC's shares (As FIDF holds 55.1 percent of Krung Thai Bank PLC's shares; and, in turns, Krung Thai Bank PLC holds 45.0 percent of Krungthai Panich Insurance PLC's shares)	**3.1 Debenture-related transaction** • Debenture - At the beginning - Increase - Decrease - At the end • Interest expense • Accrued interest expense
5. KT Zmico Securities Company Limited	• The Company and Krung Thai Bank PLC are held by the same major shareholder, namely, FIDF held 99.9 percent of the Company's shares; and indirectly held 27.5 percent of KT Zmico Securities' shares (As FIDF holds 55.1 percent of Krung Thai Bank PLC's shares; and, in turns, Krung Thai Bank PLC holds 50.0 percent of KT Zmico Securities' shares)	**5.1 Rent related-transactions** • Rental revenue • Rental deposit

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
		- Series 4, for a period of 10 years; maturity date is June 21, 2028, with a fixed interest rate of 4.30 percent per year; for a total of 500,000 units.	
- 30.0 - 30.0 0.0 0.0	30.0 - - 30.0 0.8 0.0	• The Company offers debentures to institutional investors and/or high net worth investors, in order to improve the Company's liquidity. These debentures are unsubordinated, unsecured, without a debenture-holders' representative. The issuer of the debenture also reserves the early right of redemption (depending on the debentures' series) • As of December 31, 2019, Krungthai Panich Insurance PLC held a total of 30,000 debenture stocks in the Company, at a price of 1,000 Baht per unit, as follows. - 1/2018, June 21, 2018 • Series 2, for a period of 3 years; maturity date is June 21, 2021, with a fixed interest rate of 2.50 percent per year; for a total amount of 30,000 units.	• This transaction involves a financial aid received by the Company, whereas the proposed prices and interest rates are of the same prices and rates that the Company proposes to other buyers that aren't related parties. • The Audit Committee deemed that is transaction was appropriate and reasonable.
0.4 0.1	- -	• The Company leases the 2nd floor of its Phitsanulok Branch Office to KT Zmico Securities Co., Ltd., for the purpose of using it as a branch office of KT Zmico Securities Co., Ltd.; pertaining to the office space lease agreement, dated January 1, 2013; and the memorandum of understanding for the 1st amendment of the office space lease agreement, dated January 1, 2016. The amended agreement extended the lease term for another 3 years, which ended on December 31, 2018. At present, the lease agreement is already expired and hasn't been re newed.	• This transaction was conducted as a normal business support operation. The rent and the payment terms are of the general rates and terms, used for transactions with non-related parties. • The Audit Committee deemed that is transaction was appropriate and reasonable.

Persons/juristic persons that may present conflicts of interest	Relationships	Transactions
6. Miss Piya Limpiti	• The daughter of a director	**6.1 NPAs related transactions** • Gain on sale of properties for sale

Transaction value (million Baht)			
For the year ended on Dec 31, 2018	For the year ended on Dec 31, 2019	Necessity and Reasonability	Audit Committee's opinion
2.5	-	• The Company sold a vacant land which is a part of Mountain View Khao Yai Project, Pak Chong District, Nakhon Ratcha Sima Province; with the total area of 0-2-51 Rais, at the price of 2,761,000 Baht, to Miss Piya Limpiti. The asset sold herein was a part of the "BAM: into the 20th Year Project". This project was approved by the 16/2018 Meeting of the Assets Management Committee. The Committee also specified the purchasing price and the payment terms and conditions of any assets that participated in the project. Miss Piya Limpiti paid the advance for an amount of Baht 0.8 million, on the signing date of the purchase and sales agreement, on June 8, 2018; and paid the remaining amount of the purchasing price, of Baht 1.9 million, on the ownership transferring date, on July 17, 2018.	• This transaction was conducted in the ordinary course of company's business operation, whereas the asset was bought by a daughter of a director. The buyer was hence considered a close relative of the director, pertaining to the definition given by SEC. The transaction was subjected to the normal commercial terms and conditions and, therefore, subjected to the approval of the asset management team, without the need to consider the size of the transaction, in accordance with the Company's announcement on the related party transactions. • The Audit Committee, after verifying the transaction, deemed that this was a normal business transaction and subjected to the general commercial terms and conditions. Therefore, the transaction complied with the Company's policy on related party transaction.

Necessity and Reasonableness of the related party transactions

The 3/2019 Audit Committee's Meeting, which was convened on March 1, 2019; and the 2/2020 Audit Committee's Meeting, which was convened on February 27, 2020, considered the related party transactions from the accounting periods of the year ended on December 31, 2018; and of the year ended on December 31, 2019, respectively. The Audit Committee gathered information from the Company's executives, reviewed the information described in the note to financial statements, as well as the report from the Company's auditors. After reviewing the information, the Audit Committee believes that the Company's related party transaction, for the accounting periods ended on December 31, 2018 and December 31, 2019, were conducted as part of the Company's normal business operation. These related party transactions were subjected to the same commercial terms and conditions and manners that any persons of ordinary prudence would conduct with general contractual parties, in the same situations thereof, with the underlying trade bargaining power that is free of the influence of the other party, that may be entities with the potential of conflict of interest (Arm's Length Basis)

Measures or procedures for approving the related party transactions

The 11/2018 Board of Directors' Meeting, which was convened on June 19, 2018, considered and approved the policies and procedures for initiating the related party transactions, in order to make sure that related party transactions between the Company and persons or juristic persons, that may present the conflict of interest, will be conducted transparently, in order to protect the Company's benefits. The detail can be summarized, as follows.

The initiation of related party transactions will be subjected to the regulations of the law on securities and exchange, and to the announcement of the Capital Market Supervisory Board, on the regulations of related party transactions, as part of the announcement of the SEC, on the subject of information disclosure and operation of registered companies, in terms of related party transactions; as well as any other related rules and regulations of SEC and/or SET. The Company's related party transactions are also subjected to the provisions on the disclosure of related party transactions in the note to financial statements that have been audited by the Company's auditors, as well as the Annual Registration Statement Form (Form 56-1)

In general, the Company's executives may approve the request for any transactions if such transactions are subjected to the same commercial terms and conditions and manners that any persons of ordinary prudence would conduct with general contractual parties, in the same situations thereof, with the underlying trade bargaining power that is free of the influence of the other party, as they may be in the positions of directors, executives, or related parties. The Company must also prepare and present the summary report on those related party transactions to the next Board of Directors' Meeting.

For the case where the law requires that the Company must first acquire the approval of the Board of Directors' Meeting or of the Shareholders' Meeting before the Company may conduct any related party transactions, the Company will instruct the Audit Committee to investigate and give their opinion on said transactions. The Audit Committee's opinion will be presented to the Board of Directors' Meeting or of the Shareholders' Meeting, as the case may be, in order to make sure that the initiation of said transactions will be done for the maximum benefits of the Company.

For the case where there are related party transactions between the Company and entities that may present the conflict of interest, or entities that are stakeholders of the transaction, or there is the possibility of the conflict of interest in the future; the Audit Committee will present their opinion on the necessity of such transactions and the appropriateness of such transactions, in terms of the price thereof. The Audit Committee will consider various criteria, pertaining to the normal business operation of the industry; and will compare the prices contemplated therein with the prices proposed by the third parties or the market prices. If the Audit Committee doesn't have the required

expertise for reviewing the expected related party transactions, the Company will appoint independent experts or the Company's auditors to provide their opinion on said related party transactions. Their opinion will be used for the decision making of the Company's Board of Directors, the Audit Committee, or the shareholders, as the case may be. In this case, directors or shareholders that are also stakeholders of those transactions will not have the voting right on the subject. The related party transactions will also be disclosed in the note to financial statements that have been audited or reviewed by the Company's auditors.

The policy or tendency of related party transactions in the future

Before conducting any transactions with related parties, or related party transaction, or inter-transactions with companies in the same group or with entities that may present the conflict of interest, or entities that are stakeholders, or entities that may present the conflict of interest in the future; the Company will always strictly follow the aforementioned policies and procedures. The Audit Committee will provide the guideline for considering the necessity of those transactions for the Company's business operation. The Audit Committee will also compare the prices of other similar transactions that the Company conducts with the third parties (if any) and will consider the significance of the transaction's size.

However, if the Company initiates any related party transactions, the Company will consult the Audit Committee to provide its opinion on the appropriateness of said transactions. In the event where the Audit Committee doesn't have the required expertise for considering such related party transactions, the Company will appoint individuals with specialized expertise or knowledge on the issue, for example, the independent auditors or appraisers, to provide their opinion on said related party transactions. Opinions of the Audit Committee or specialists will be used for the decision making of the Company's Board of Directors or shareholders, as the case may be; in order to make sure that such related party transactions will not contribute to the transferring or diverting of interest between the Company or its shareholders; and to make sure that the Company conducts such transactions for the maximum benefits of every shareholder.



Financial Information

Investors should read audited financial statements for the years ended December 31, 2017, 2018, and 2019 in conjunction with accompanying notes to financial statements, as well as management discussion and analysis.

Summary of Audit Report

Auditors

List of auditors who audited financial statements are as follows;

Financial Statements	Certified Public Accountants
Audited financial statements for the years ended December 31, 2017 and 2018	Mrs. Chitra Mekapongpanh and Mrs. Pakhamas Mangkornpan The State Audit Office of the Kingdom of Thailand
Audited financial statements for the year ended December 31, 2019	Mrs. Pattra Showsri and Mr. Satawat Boonkoy The State Audit Office of the Kingdom of Thailand

Summary of Auditor's Report

Auditor's opinion described in the Auditor's report on the audited financial statements can be summarized as follow;

Financial Statements	Auditor's opinion
Audited financial statements for the year ended December 31, 2017, 2018 and 2019	The State Audit Office of the Kingdom of Thailand has expressed unqualified opinion in the Auditor's report that the financial position of the Company as at December 31, 2017, 2018 and 2019 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Summary of Financial Position and Operation for the years ended December 31, 2017 2018 and 2019

Statement of Financial Position

(i) The following table sets forth a summary of the statement of financial position for the years ended December 31, 2017 and 2018, prepared based on the audited financial statements for the years ended December 31, 2017 and 2018 :

	As of December 31,	
	2017	2018
	Amount Baht (in Million)	Amount Baht (in Million)
Assets		
Cash	4.3	3.6
Cash at financial institutions	1,158.5	1,031.8
Investment insecurities – net	139.6	93.9
Loans purchased – net	72,885.8	75,433.9
Installment sale receivables – net	641.0	708.3
Properties for sale – net	17,735.2	20,595.8
Accrued income from auction sale – net	4,981.5	7,115.4
Premises and equipment – net	1,332.1	1,251.5
Intangible assets – net	10.6	13.3
Other assets	1,044.9	1,405.3
Total assets	**99,933.4**	**107,653.0**
Liabilities		
Debt issued and borrowings	56,868.5	57,709.3
Accrued interest payable	277.2	245.4
Provisions	751.8	769.5
Unearned income from auction sale	-	5,342.0
Other liabilities	976.6	1,737.8
Total liabilities	**58,874.0**	**65,804.0**
Equity		
Authorized share capital		
3,542,000,000 common shares, par value 5 baht each	16,225.0	16,225.0
Issued and paid-up share capital		
2,735,000,000 common shares, par value 5 baht each	13,675.0	13,675.0
Other components of equity	(46.3)	(58.0)

	As of December 31,	
	2017	2018
	Amount Baht (in Million)	Amount (Million Baht)
Retained earnings		
Legal reserves	1,622.5	1,622.5
Unappropriated	25,808.1	26,609.5
Total Equity	**41,059.4**	**41,849.0**
Total liabilities and equity	**99,933.4**	**107,653.0**

(ii) The following table sets forth a summary of the statement of financial position for the years ended December 31, 2018 and 2019, prepared based on the audited financial statements for the year ended December 31, 2018 and 2019:

	As of December 31,	
	2018	2019
	Amount Baht (in Million)	Amount (Million Baht)
Assets		
Cash	3.6	4.7
Cash at financial institutions	1,031.8	1,378.9
Investment insecurities – net	93.9	70.2
Loans purchased – net	75,433.9	77,374.7
Installment sale receivables – net	708.3	649.2
Properties for sale – net	20,595.8	23,899.1
Accrued income from auction sale – net	7,115.4	9,595.6
Premises and equipment – net	1,251.5	1,243.2
Intangible assets – net	13.3	15.9
Advance for expenses on asset acquisition and others	1,217.3	888.3
Deferred tax assets	-	491.3
Other assets	188.0	178.6
Total assets	**107,653.0**	**115,789.7**

	As of December 31,	
	2018	2019
	Amount Baht (in Million)	Amount Baht (in Million)
Liabilities		
Debt issued and borrowings	57,709.3	75,687.5
Accrued interest payable	245.4	504.2
Provisions	769.5	1,052.3
Unearned income from auction sale	5,342.0	-
Other liabilities	1,737.8	1,479.4
Total liabilities	**65,804.0**	**78,723.5**
Equity		
Authorized share capital		
3,245,000,000 common shares, par value 5 baht each	16,225.0	16,225.0
Issued and paid-up share capital		
2,735,000,000 common shares, par value 5 baht each	13,675.0	15,075.0
Other components of equity	(58.0)	(65.0)
Retained earnings		
Legal reserves	1,622.5	1,622.5
Unappropriated	26,609.5	17,034.2
Total Equity	**41,849.0**	**37,066.1**
Total liabilities and equity	**107,653.0**	**115,789.7**

Remark [1] "Advance for expenses on asset acquisition and others" and "other assets" are presented as a combined line item in the statement of financial position for the years ended December 31, 2017 and 2018, but are reclassified to be presented as two separate line items in the statement of financial position for the year ended December 31, 2019. As a result of reclassification, "Advance for expenses on asset acquisitions and others" is no longer a component of "other assets" in the statement of financial position for the year ended December 31, 2019.

Statement of profit or loss and other comprehensive income

(i) The following table sets forth a summary of the statement of profit or loss and other comprehensive income for the years ended Decembet 31, 2017 and 2018;

	Year Ended December 31,	
	2017	2018
	Unit Baht (in Million)	Unit Baht (in Million)
Intereset income		
Loans purchased	1,877.5	1,856.8
Investment in securities	12.6	3.7
Cash at financial institutions	23.3	10.3
Installment sale receivables	104.7	89.2
Othes	9.9	15.5
Total interest income	**2,028.0**	**1,975.6**
Interest expenses	1,622.0	1,769.4
Interest income – net	**406.1**	**206.2**
Gain (Loss) on investment in securities- net	(2.6)	(30.3)
Gain on loans purchased	3,509.2	4,438.3
Gain on properties for sale	1,740.9	3,105.5
Gain on installement sales	184.4	115.2
Other operating income	165.9	146.8
Total operating income	**6,003.9**	**7,981.7**
Total other operating expenses	2,519.8	2,934.6
Bad debts and doubtful accounts	(1,024.9)	(162.2)
Profit from operating before income tax	**4,509.0**	**5,209.3**
Income tax	8.2	7.3
Net profit	**4,500.8**	**5,202.0**
Items that will be reclassified subsequently to profit or loss		
Gain (Loss) on remeasuring of available - for - sale investment	(2.5)	(11.8)
Total other comprehensive income	(2.5)	(11.8)
Total comprehensive income	**4,498.3**	**5,190.3**
Basic earnings per share (Baht per share)	**1.65**	**1.90**

(ii) The following table sets forth a summary of the statement of profit or loss and other comprehensive income for the years ended Decembet 31, 2018 and 2019:

	Year Ended December 31,	
	2018	2019
	Unit Baht (in Million)	Unit Baht (in Million)
Intereset income		
Loans purchased	6,295.2	8,968.4
Investment in securities	3.7	33.5
Cash at financial institutions	10.3	15.6
Installment sale receivables	89.2	108.0
Othes	15.5	14.2
Total interest income	**6,413.9**	**9,139.8**
Interest expenses	1,769.4	2,132.4
Interest income – net	**4,664.5**	**7,007.4**
Gain (Loss) on investment in securities- net	(30.3)	4.0
Gain on properties for sale	3,105.5	2,907.2
Gain on installement sales	115.2	93.6
Other operating income	146.8	91.6
Total operating income	**7,981.7**	**10,103.8**
Total other operating expenses	2,934.6	3,757.1
Bad debts and doubtful accounts	(162.2)	134.6
Profit from operating before income tax	**5,209.3**	**6,212.0**
Income tax	7.3	(337.3)
Net profit	**5,202.0**	**6,549.3**
Items that will be reclassified subsequently to profit or loss		
Gain (Loss) on remeasuring of available - for - sale investment	(11.8)	(23.3)
Income tax relating to components of other comprehensive income		16.3
Items that will not be reclassified subsequently to profit or loss		
Actuarial losses on defined benefit plans	-	(20.8)
Income tax relating to components of other comprehensive income		17.6
Total other comprehensive income	(11.8)	(10.2)
Total comprehensive income	**5,190.3**	**6,539.1**
Basic earnings per share (Baht per share)	**1.90**	**2.38**

Remark [1] "Interest income from loans purchased" and "gain on loans purchased" are presented as two separate line items in the audited financial statements for the years ended December 31, 2017 and 2018 ,but are reclassified to be presented as a combined line item, "interest income from loans purchased" in the audited financial statement for the year ended December 31, 2019. As a result of reclassification, "gain on loans purchased" is a component of " interest income" in the audited financial statement for the year ended December 31, 2019.

Statement of Cash Flows

Statement of Cash Flows	Year ended December 31,		
	2017	2018	2019
	Amount Baht (in Million)	Amount Baht (in Million)	Amount Baht (in Million)
Cash flow from operating activities			
Profit from operating before income tax expenses	4,509.0	5,209.3	6,212.0
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities			
Depreciation and amortization	148.4	141.3	138.2
Decrease in advance expenses	47.3	76.0	95.2
(Increase) Decrease in accrued income	0.4	0.1	11.5
Decrease in deferred income	(3.9)	(3.9)	(3.7)
Increase in accrued expenses	(75.8)	328.5	183.8
Loss from write-off of assets	1.6	0.0	0.0
Allowance for long-term employee benefits	65.9	66.1	331.5
Other provisions	5.3	-	-
Gain on fixed asset sales	(0.1)	(13.4)	(2.7)
Gain on repression of property under instalment sales	(59.9)	(2.6)	(7.4)
Increase (Decrease) in doubtful accounts	(1,024.9)	(162.2)	134.6
Increase (Decrease) in doubtful accounts - installment sales receivables	-	2.2	(0.5)
Impairment loss on properties for sale (reversal)	(69.3)	(20.5)	(24.7)
(Gain) Loss on investment in securities	2.6	30.3	(4.0)
	3,546.4	5,651.3	7,040.9
Net interest income	(406.1)	(206.2)	(7,007.4)
Net dividend income	(47.5)	(37.0)	(38.2)
Cash received from interest income	2,015.9	1,971.9	9,106.2
Cash received from dividend income	40.9	43.6	38.2
Cash paid on properties transferred from financial institutions	(4,734.3)	(7,088.3)	(8,210.4)
Cash paid on interest	(1,484.9)	(1,801.3)	(1,873.5)
Cash paid on income tax expneses	(10.1)	(8.8)	(14.4)

Statement of Cash Flows (Continue)

Statement of Cash Flows	Year ended December 31,		
	2017	2018	2019
	Amount	Amount	Amount
	Baht (in Million)	Baht (in Million)	Baht (in Million)
Loss from operation before changes in operating assets and liabilities	**(1,079.6)**	**(1,476.9)**	**(958.5)**
(Increase) Decrease in operating assets			
Loans purchased	4,987.6	5,037.0	6,338.5
Installment sale receivables	834.2	251.2	238.1
Properties for sale	898.6	1,513.9	1,448.1
Accrued income from auction sale	(1,785.5)	(2,129.5)	(2,480.2)
Advance for expense on asset acquisition and others	-	-	329.0
Other assets	(179.3)	(379.3)	(142.7)
Increase (Decrease) in operating liabilities			
Unearned income from auction sale	-	5,342.0	(5,342.0)
Long - term employee benefits	(45.6)	(48.3)	(69.5)
Other liabilities	186.3	66.5	(555)
Net cash provided from (used in) operating activities	**3,816.7**	**8,176.6**	**(1,194.0)**
Cash flows from investing activities			
Cash paid on purchase of premises and equipment	(99.4)	(78.6)	(77.9)
Cash paid on purchase of available-for-sale securities	(10,503.2)	(5,656.6)	(13,744.6)
Cash paid on purchase of intangible assets	(1.7)	(3.0)	(13.1)
Decrease in bank deposits under guarantee obligations	-	0.0	0.0
Cash received from sale of fixed assets	0.1	13.4	2.7
Cash received from available-for-sale debt securities	10,515.8	5,655.3	13,778.1
Cash received from investment insecurities	0.6	8.6	4.5
Net cash used in investing activities	**(87.9)**	**(60.9)**	**(50.3)**

Statement of Cash Flows (Continued)

Statement of Cash Flows	Year ended December 31,		
	2017	2018	2019
	Amount Baht (in Million)	Amount Baht (in Million)	Amount Baht (in Million)
Cash flows from financing activities			
Cash received from bank borrowings	30,943.3	16,450.0	49,500
Cash received from debenture issuance	22,600.0	8,000.0	20,000
Cash increase from capital increase	-	-	4,900
Cash paid on capital increase			(115.9)
Cash received from redemption of bills of exchange	-	97.1	97.1
Cash paid on repayment of loans and debt securities	(45,324.7)	(21,779.0)	(49,402.7)
Cash paid on debentures	(8,400.0)	(6,600.0)	(7,230)
Cash paid on fee for issuance of debentures	(19.2)	(12.7)	(30.1)
Cash paid on notes payable aval expnese	(14.1)	-	(4.4)
Cash paid on dividend payment to shareholders	(3,961.7)	(4,400.6)	(16,121.5)
Net cash provided (used in) financing activities	**(4,176.4)**	**(8,245.2)**	**1,592.5**
Net increase (decrease) in cash and cash equivalents	(447.5)	(127.3)	348.2
Cash and cash equivalents as at beginning balance	1,606.4	1,158.9	1,031.6
Cash and cash equivalents as at ending balance	**1,158.9**	**1,031.6**	**1,379.8**

Key Financial Ratios

Financial Ratios	Unit	Year ended December 31,		
		2017	2018	2019
Profitability ratios[1]				
Gross profit margin[2]	%	78.67	81.84	82.55
Operating profit margin[3]	%	59.00	53.37	50.71
Cash flow to income ratio[4]	%	85.09	157.32	(19.27)
Net profit margin[5]	%	59.02	53.35	53.52
Return on equity	%	11.03	12.55	17.67
Efficiency ratios[1]				
Return on assets	%	4.65	5.01	5.86
Total assets turnover	times	0.08	0.09	0.11

Financial Ratios Highlight (Continued)

Financial Ratios	Unit	Year ended December 31, 2017	2018	2019
Financial Policy Ratio[1]				
Total liability-to-equity ratio	times	1.43	1.57	2.12
Intereset coverage ratio[6]	times	3.58	5.55	0.37
Debt service coverage ratio (Cash Basis)[7]	times	0.07	0.24	(0.02)
Dividend payout ratio[8]	%	80.79	97.77	309.91
Interest Bearing Debt to equity ratio[9]	times	1.39	1.38	2.04
Specific Ratio for our Business[1]				
Cash collection from NPL management business to net NPLs[10]	%	12.83	14.55	18.40
Return on NPL management business[11]	%	4.78	6.93	9.50
Allowance for doubtful account to NPLs[12]	%	8.70	7.69	7.47
Cash collection from NPA management business to net NPAs[13]	%	24.88	29.12	24.75
Return on NPA management business[14]	%	6.00	16.40	13.76
Allowance for impairment of NPAs to NPAs[15]	%	2.97	2.47	2.04

Remark [1] The financial statements for the year ended December 31, 2018 used in calculations include reclassification of some items to be consistent with the presentation of the financial statements for the year ended 31 December, 2019. This reclassification has no effect on the operating results of the Company presented in the previous report.

[2] Gross profit margin is calculated from the sum of (i) total interest income (excluding interst income on deposits); (ii) gain (loss) on investment in securities– net; (iii) gain on loans purchased; (iv) gain on properties for sale; (v) gain on installment sales; and (vi) other operating income less total interseet income and further divided by the sum of (i) – (vi) .

[3] Opearting profit margin is calculated from operating profits before income tax expenses less interest income on deposits and further divided by the sum of (i) total interst income (excluding interest income on deposits); (ii) gain (loss) on investment in securities– net; (iii) gain on credit for purchase of receivables; (iv) gain on sale of properties forecloased; (v) gain on installment sales; and (vi) other operating income.

[4] Cash flow to income ratio is calculated from cash flows operations divided by operating profits before income tax expneses and further less operating profits before income tax expenses.

[5] Net profit margin is calculated from net profit divided by the sum of (i) total interest income (ii) gain (loss) on investment securities – net; (iii) gain on loans purchased; (iv) gain on properties for sale; (v) gain on installment sales; and (vi) other operating income.

[6] Interest coverage ratio is calculated from cash flows from operating add back cash paid on interest and cash paid on imcome tax and further divided by cash paid on interest.

Remark [7] Debt service coverage ratio (Cash Basis) is calculated from cash flows from operating divided by sum of (i) cash paid on repayment of loans and debt securities; (ii) cash paid on debentures; (iii) cash paid on purchase of property, plant, and equipment; (iv) cash paid on purchase of intangible assets; and (v) cash paid on dividend payment to shareholders.

[8] Dividend payout ratio is calculated from cash paid on dividend payment stipulated in statement of cash flows divided by net profit of the preceeding year.

[9] Interest bearing debt to equity ratio is calculated from debt issud and borrowing divided by shareholders' equity (average)

[10] Cash collection from NPLs management business to net NPLs is calculated from the sum of cash collection received from NPLs management business divided by loans purchased – net (average). See"Cash collection received from our NPLs management business

[11] Return on NPLs management business is calculated from net profit from NPLs business operation divided by loans purchased – net (average).

[12] Allowance for doubtful accounts to NPLs is calculated from allowance for doubtful accounts of loans purchased divided by loans purchased (before less allowance for doubtful accounts)

[13] Cash collection from NPAs management business to net NPAs is calculated from the sum of cash collection received from NPAs management business divided by the sum of (i) properties for sale – net; and (ii) installment and receivables – net (average). See "Cash collection receieved from our NPAs management business"

[14] Return on NPAs management business is calculated from net profit from NPAs business operation and investment in securities divided by (i) properties for sale– net; (ii) installment and receivables – net; and (iii) investment in securities – net (avearage)

[15] Allowance for impairment of NPAs to NPAs is calculated from Allowance for impairment of NPAs divided by properties for sale (after revaluation)

Management Discussion and Analysis

Analysis of the financial status and operation results of the company in NPLs and NPAs management business should be considered together with cash collection, which is a key performance indicator. Please see further details in the section 14.3 "Cash Collection Received from our NPLs and NPAs Management Business"

Profit or loss and Other Comprehensive Income for the years ended December 31, 2018 and 2019

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Interest income	6,413.94	9,139.75	42.50
Interest expense	1,769.41	2,132.38	20.51
Total interest income-net	4,644.53	7,007.37	50.87
Gain (Loss) on investment in securities	(30.31)	3.99	(113.17)
Gain on properties for sale	3,105.51	2,907.24	(6.38)
Gain on installment sales	115.21	93.60	(18.77)
Total other operating income	146.79	91.60	(37.60)
Total operating income	7,981.74	10,103.79	26.59
Total other operating expenses	2,934.63	3,757.13	28.03
Doubtful accounts	(162.19)	134.62	(183.00)
Operating profit before income tax expenses	5,209.30	6,212.04	19.25
Income tax	7.28	(337.26)	(4,734.68)
Net profit	**5,202.02**	**6,549.30**	**25.90**
Other comprehensive income (expense)			
Items that may be reclassified to profit or loss			
Gain (Loss) on remeasurement of available-for-sale investment	(11.77)	(23.26)	97.71
Income tax relating to components of other comprehensive income	-	16.26	-
Items that may not be reclassified to profit or loss			
Actuarial losses on defined benefit plans	-	(20.80)	-
Income tax relating to components of other comprehensive income	-	17.64	-
Total other comprehensive income (expenses)	**(11.77)**	**(10.16)**	**(13.62)**
Total other comprehensive income	**5,190.26**	**6,539.14**	**25.99**
Basic earnings per share (Baht/Share)	**1.90**	**2.38**	**25.20**

Interest income

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Interest income			
Loans purchased	6,295.17	8,968.44	42.47
Investment in securities	3.73	33.49	797.69
Cash at financial institutions	10.33	15.60	51.01
Installment sales receivables	89.19	108.00	21.08
Others	15.52	14.23	(8.33)
Total Interest income	6,413.94	9,139.75	42.50

- BAM recorded **Total Interest Income** of Baht 9,139.75 million in 2019, increased by Baht 2,725.81 million, or 42.5% from Baht 6,413.94 million in 2018, primarily due to an increase in cash payments received from debtors and numbers of contracts that have been settled.

Interest expenses

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Interest expenses			
Interest and discount on promissory notes	281.50	224.62	(20.21)
Interest paid on loans	439.80	637.70	45.01
Interest on debentures	1,048.15	1,270.06	21.17
Total Interest expenses	1,769.41	2,132.38	20.51

- BAM recorded **Total Interest Expenses** of Baht 2,132.38 million, which increased by Baht 362.97 million or 20.51% due to a higher interest on debentures of Baht 221.91 million and an issuance of the company's new debentures to enhance financial liquidity.

Other operating expenses

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Other operating expenses			
Employee expenses	1,836.94	2,143.56	16.69
Director' remuneration	10.84	20.10	85.42
Premises and equipment expenses	221.91	223.94	0.92
Tax and duties	517.75	764.60	47.68
Impairment loss on properties for sale (reversal)	(20.50)	(24.69)	20.45
Properties for sale expenses	89.13	97.49	9.37
Other expenses	278.57	532.14	91.03
Total other operating expenses	2,934.63	3,757.13	28.03

- **Total other operating expenses** in 2019 was Baht 3,757.13 million, increased by 28.03% from a previous year recorded, primarily due to an increase of 47.68% in Tax and duties. In 2019, BAM paid higher Special Business Tax (SBT) from NPAs sales and higher interest income on loans purchased to the Revenue Department, combined with the company's higher other expenses in the amount of Baht 253.50 million, or 91.03%, from expenses related to the initial public offering in The Stock Exchange of Thailand (IPO)

Statement of Financial Position for the years ended December 31, 2018 and 2019

Analysis of the financial status and operation results of the company in NPLs and NPAs management business should be considered together with cash collection in section 14.3 "Cash Collection Received from NPLs and NPAs Management Business"

Assets

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Assets			
Cash	3.61	4.71	30.21
Cash at financial institutions	1,031.80	1,378.91	33.64
Investment in securities- net	93.94	70.18	(25.29)
Loans purchased – net	75,433.94	77,374.66	2.57
Installment sale receivables- net	708.30	649.15	(8.35)
Properties for sale - net	20,595.82	23,899.11	16.04
Accrued income from auction sale -net	7,115.45	9,595.61	34.86
Premises and equipment -net	1,251.54	1,243.22	(0.67)
Intangible assets- net	13.28	15.92	19.83
Advance for expenses on assets acquisition and others	1,217.28	888.26	(27.03)
Deferred tax assets	-	491.32	-
Other assets	188.05	178.61	(5.02)
Total assets	**107,653.00**	**115,789.67**	**7.56**

- As of December 31, 2019, our total asset was Baht 115,789.67 million, which increased by Baht 8,136.66 million, or 7.56% when compared to 2018. Such change was due to an increase of NPAs of Baht 3,303.29 million that has been converted from NPLs and/or through auction sale. Another factor was the accrued income from auction sale in 2019 that increased by Baht 2,480.16 million, or 34.86% of the amount recorded in 2018.

Liabilities and Shareholders' Equity

Consolidated Unit: Baht (in million)	2018	2019	Change (%yoy)
Liabilities			
Debt issued and borrowing	57,709.28	75,687.52	31.15
Accrued interest payable	245.36	504.24	105.51
Provisions	769.52	1,052.33	36.75
Unearned and accrued income from auction sales	5,342.01	-	(100.00)
Other liabilities	1,737.82	1,479.45	(14.87)
Total Liabilities	65,804.00	78,723.55	19.63
Shareholders' equity			
Issued and paid-up share capital	13,675.00	15,075.00	10.24
Capital surplus (deficit) from common shares	-	3,399.43	-
Other component of shareholders' equity	(58.02)	(65.02)	12.08
Retain earnings			
Legal reserve	1,622.50	1,622.50	-
Unappropriated	26,609.53	17,034.22	(35.98)
Total shareholders' equity	41,849.01	37,066.12	(11.43)
Total liabilities and shareholders' equity	**107,653.00**	**115,789.67**	**7.56**

- **Total liabilities** as of December 31, 2019 was Baht 78,723.55 million, which increased by Baht 12,919.56 million, or 19.63% from 2018. This was due to company issuance of Baht 20,000.00 million debentures and decrease in accrued income from auction sales in amount of Baht 5,342.01 million after the disposal of asset and later recognized revenue in 2019.

- **Shareholders' equity** as of December 31, 2019 was Baht 37,066.12 million which decreased by Baht 4,782.89 million, or 11.43% from amount recorded in 2018. Such change on Capital structure was due to the following reasons;
  - The profit from company operation was lower than the extra dividend paid to the FIDF (pre-IPO)
  - The retained earnings were decreased by Baht 13,000.00 million which was paid due to the FIDF according to the consent obtained from The 3/2019 Extraordinary shareholders' meeting in November 12, 2019 (pre-IPO).
  - The proceeds from the IPO of Baht 4,799.43 million comprising of issued and paid-up share capital of Baht 1,400.00 million and capital surplus from common shares of Baht 3,399.43 million.

Cash Collection Received from NPLs and NPAs Management Business

The Company believes that for our NPLs and NPAs management business, cash collection is a key performance indicator which is applied by other operators in the same business and various investors. Cash collection is calculated based on key items and recognizable cash items only, and so does not include all cash collection items from NPLs and NPAs management business. However, cash collection is not a standard indicator prescribed by TFRS, and so the methods of calculation may differ from methods of calculation used by other companies for similar items.

Cash collection received from NPLs management business

The following table sets forth the cash collection received from NPLs management business for the years ended December 31, 2017, 2018 and 2019.

Cash collection received from NPL Management business	For the year ended December 31,		
	2017	2018	2019
	Baht (in million)	Baht (in million)	Baht (in million)
Interest income from loans purchased[1]	1,877.5	1,856.8	1,518.8
Gain on loans purchased	3,509.2	4,438.3	7,449.6
Net repayment and adjusted entries	8,418.9	9,081.4	10,907.9
Total	**13,805.5**	**15,376.6**	**19,876.3**
Less the portion of accrued interest receivables and receivables repayment from the debtors by collateral[2]	(6,029.5)	(6,376.5)	(13,018.2)
Cash collected from the debtors during the period[3]	**7,776.0**	**9,000.1**	**6,858.1**
Cash collected from the Legal Execution Department during the period[4]	1,383.4	1,791.1	7,200.5
Total Cash collected from NPL management business[5]	**9,159.4**	**10,791.2**	**14,058.6**

Remarks : 1 " Interest income from loans purchased" and " gain on loans purchased" are presented as two separate line items in the audited financial statements for the year ended December 31,2016, 2017 and 2018. However, these items are presented as combined line item, "Interest income from loans purchased" in the audited financial statement for the year ended December 31, 2019. As a result of reclassification, "gain on loans purchased" is a component of interest income for audited financial statement in the future. For the year ended December 31,2019, interest income from loans purchased was Baht 8,968.4 million comprising (i) interest income from loans purchased of Baht 1,518.8 million and (ii) gain from loans purchased of Baht 7,449.6 million.

Remarks : [2] *See "Critical Accounting Policies and Estimates- Recognition of interest income and gain on loans purchased"*

3 Cash collected from the debtors during the period is calculated from (i) gain on interest income of loans purchased; (ii) plus gain on loans purchased; (iii) plus net repayment and adjusted entries; and (iv) less the portion of accrued interest receivables and receivables repayment from the debtors by collateral.

4 Only the portion where a third party purchaser won the auction of our debtors' collateral and we once recognized accrued income from auction sales. See "- Accrued income from auction sale".

5 Cash collected from NPLs management business is calculated from the sum of (i) cash collected from the debtors during the period; and (ii) cash collected from the Legal Execution Department during the period. We believe that, for our NPLs management business, cash collection is a key performance indicator which is applied by other operators in the same business and various investors for the estimated cash flow of NPLs management business. Cash collection from NPLs management business reflects interest income from loans purchased, gain on loans purchased and net repayment and adjusted entries, and is calculated based on key items only, and so does not include cash collection items from the NPLs management business which we have recognized (such as cash collected from auction sale pending recognition, suspended account for debt repayment, check pending collection and suspended account for write-off). However, cash collection is not an indicator of actual cash flow of our NPLs management business nor a standard indicator prescribed by TFRS, and so our methods of calculation may differ from the methods of calculation used by other companies for similar items.

For the years ended 31 December, 2017, 2018, and 2019, the Company cash collected from NPLs management business was Baht 9,159.4 million, Baht 10,791.2 million, and Baht 14,058.6 million, respectively. The change in cash collected primarily due to the following reasons:

For the years ended December 31, 2017 and 2018, the Company's cash collected from NPLs management business was Baht 9,159.4 million and Baht 10,791.2 million, respectively. Cash collected from NPLs management business increased by Baht 1,631.8 million, or 17.8% primarily due to (i) the increase in cash collected from debtors from Baht 7,776.0 million for the year ended December 31, 2017 to Baht 9,000.1 million for the year ended December 31, 2018 as a result of increased repayments from significant debtors which the Company believe is impacted by the Company's policy to negotiate and settle debts with significant debtors; and (ii) an increase in cash collected from the Legal Execution Department from Baht 1,383.4 million for the year ended December 31, 2017 to Baht 1,791.1 million for the year ended December 31, 2018. The Company's cash collected from the Legal Execution Department increased due to the Company's policy to increase cash collection from auction sales at the Legal Execution Department.

Additionally, our acquisition of our debtor's collateral through auctions and settlements increased in 2018. For the years ended December 31, 2017 and 2018, we recorded our income on accrual basis and our debt repayment through transfer of the underlying collateral (excluding cash collected during the period) of Baht 6,029.5 million and Baht 6,376.5 million, respectively, representing an increase of Baht 347.1 million. We believe this resulted from our strategies to proactively manage NPLs though negotiations with debtors, increased efficiency in our internal processes for transferring collateral underlying our NPLs to NPAs and increased efficiency in our internal processes for enforcing collateral underlying our NPLs, which resulted in an increase in NPAs and increased future cash flow.

For the year ended December 31, 2018 and 2019, the Company's cash collection received from NPL management business was Baht 10,791.2 million and Baht 14,058.6 million, respectively. Cash collected from NPL management business increased by Baht 3,267.4 million, or 30.3% primarily due to (i) the increase in gain on loans purchased from Baht 4,438.3 million for the year ended December 31, 2018 to Baht 7,449.6 million for the year ended December 31, 2019, or increased by Baht 3,011.3 million as a result of higher margins between cash payments received and cost of loans purchased and (ii) an increase in cash collected from the Legal Execution Department from Baht 1,791.1 million for the year ended December 31, 2018 to Baht 7,200.5 million for the year ended December 31, 2019. The Company's cash collected from the Legal Execution Department increased due to the Company's policy to proactively continue to collect cash from auction sales at the Legal Execution Department.

Cash collection received from NPAs management business

The following table sets forth the cash collection received from NPAs management business for the years ended December 31, 2017, 2018 and 2019.

Cash collection received from NPA management business	Year ended December 31,		
	2017	2018	2019
	Baht (in million)	Baht (in million)	Baht (in million)
Outright sales			
Gain on sale of properties for sale collected in cash	1,740.9	3,105.5	2,907.3
Decreased acquisition or transfer costs of properties for sale – net(1)[1]	1,492.2	2,216.8	2,316.9
Total cash collected from sale of properties for sale - Outright sales	**3,233.1**	**5,322.3**	**5,224.2**
Installment sales			
Interest income	104.7	89.2	108.0
Collected debt repayment during the periods (in terms of cost and gain)	1,018.6	366.4	341.4
Total cash collected from installment sales of properties for sale	**1,123.3**	**455.6**	**449.4**
Total cash collection received from NPA management business[2]	**4,356.3**	**5,777.9**	**5,673.6**

Remarks : 1 For the year ended December 31, 2017,2018 and 2019, decreased net acquisition or transfer costs of properties for sale is calculated from (i) the total decreased acquisition, transfer costs of properties for sale and adjustment and (ii) any reversal from revaluation of properties for sale sold during the periods.

2 Cash collected from NPAs management business is calculated from (i) cash collected from outright sales; (ii) plus cash collected from installment sales. We believe that, for our NPAs management business, cash collection is a key performance indicator which is applied by other operators in the same business and various investors for the estimated cash flow from NPAs management business. Cash collected from NPAs management business is calculated based on key items only, and so does not include all cash collected from the NPAs management business, such as (i) dividends from our investment in securities; (ii) rent; (iii) gain from foreclosures of installment sales and (iv) other income from the breach of agreements, including asset sale agreements. However, cash collection is not an indicator of actual cash flow of our NPAs management business nor a standard indicator prescribed by TFRS, and so our methods of calculation may differ from methods of calculation used by other companies for similar items.

For the years ended 31 December, 2017, 2018, and 2019, the company's cash collected from NPAs management business was Baht 4,356.3 million, Baht 5,777.9 million and Baht 5,672.6 million, respectively. The change in cash collected was primarily due to the following reasons:

For the year ended 31 December, 2017 and 2018, the Company's cash collected from NPAs management business was Baht 4,356.3 million and Baht 5,777.9 million, increased by Baht 1,421.6 million, or 32.6% primarily due to (i) the increase in cash collected from outright sales form Baht 3,233.1 million for the year ended December 31, 2017 to Baht 5,322.3 million for the year ended December, 2018, which the Company believes it is primarily due to the strategy in selling high-value assets and improved economic condition and (ii) The company cash collected from the installment deceased from Baht 1,123.3 million for the year ended December 31, 2017 to Baht 455.6 million for the year ended December 31, 2018, primarily as a result of the closure of a significant debtor's account upon full repayment of installments due under that account for the year ended December 31, 2017. When selling NPAs, the Company first considers opportunities for outright sales to accelerate cash collection. The company also considers installment sales primarily for assets with low value to help facilitate repayment from buyers who have the ability to purchase but are unable to obtain financing from financial institutions.

For the years ended December 31, 2018 and 2019, the Company's cash collected from NPA Management business was Baht 5,777.9 million and Baht 5,673.6 million, decreased by Baht 104.3 million, or 1.81% due to the followings: (i) the decrease in cash collected from outright sales from Baht 5,322.3 million for the year ended December 31, 2018 to Baht 5,224.2 million for the year ended December 31, 2019. (ii) The company's cash collected from the installment sales decreased from Baht 455.6 million for the year ended December 31, 2018 to Baht 449.4 million for the year ended December 31, 2019, which the Company believes this is due to the impact and uncertainty of land and building tax and stricter lending policies by financial institutions as loan-to-value (LTV) measures and an economic downturn which led to the slowdown of purchases of real estate properties.

Vintage Analysis

We maintain a portfolio of loans purchased and properties for sale acquired at various points in time.

Loans Purchased and Foreclosed Collateral Properties

The following table sets forth certain details regarding the appraisal value and outstanding balance of our loans purchased and properties for sale that had been converted from collateral ("Foreclosed Collateral Properties") as of December 31, 2019:

Time since acquisition	Less than 1 year	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total	Less than 5 yeas	Less than 5 yeas (%)
						(Baht in million, except for ratios)								
Loans purchased:														
Outstanding balance.....	12,351.8	9,883.9	8,245.3	9,131.9	9,768.9	8,266.6	3,537.1	4,527.9	1,869.3	1,444.8	14,594.2	83,621.6	49,381.8	59.05
Appraisal Value[1].....	25,968.8	19,543.4	18,769.0	17,496.6	21,689.9	16,271.7	8,121.6	21,242.3	5,635.4	4,315.9	33,134.3	192,189.1	103,467.7	53.84
Appraisal Value/ Outstanding balance (x)...	2.10	1.98	2.28	1.92	2.22	1.97	2.30	4.69	3.01	2.99	2.27	2.30	2.10	
Foreclosed collateral Properties:														
Outstanding balance[2]....	165.0	509.1	1,095.4	1,516.1	2,782.0	2,569.9	1,958.2	1,696.8	987.5	1,244.5	5,410.6	19,935.2	6,067.7	30.44
Appraisal value.....	325.1	888.9	2,159.3	2,567.4	5,183.1	4,593.4	3,982.2	5,007.2	2,190.2	2,928.6	11,902.8	41,728.1	11,123.8	27.14
Appraisal Value/ Outstanding balance (x).....	1.97	1.75	1.97	1.69	1.86	1.79	2.03	2.95	2.22	2.35	2.20	2.09	1.83	

Remarks : 1 Collateral value before depreciation according to the BOT criteria, calculated based on the appraised price in accordance with the latest resolution of the committee of the appraisal price may have been appraised more than 3 years ago)

2 The actual cost of acquiring the assets before revaluation of properties for sale.

The appraisal value of loans purchased and Foreclosed Collateral Properties as of December 31, 2019 is approximately two times the outstanding balance across different vintages.

As of December 31, 2019, assets that we had acquired within the past five years accounted for approximately 59.05% and 30.44% of our total outstanding balance of loans purchased and Foreclose Collateral Properties, respectively. The total appraised value of such assets was 2.10x and 1.83x of the total outstanding balance of our loans purchased and Foreclosed Collateral Properties, respectively.

We are diligent in our cash collection. We seek to maintain healthy levels of cash collection during the distressed debt asset lifecycle as well as the properties for sale lifecycle. For assets acquired as distressed debt, a portion of the cash collection is primarily collected throughout the asset's life as restructured loans purchased while properties for sale also yield amounts of cash collection primarily through an outright sale or installment sale of such properties

The following table sets forth certain details regarding our cash collection and acquisition cost for portfolios of loans purchased and Foreclosed Collateral Properties with various holding periods as of December 31, 2019:

Time since acquisition	Less than 1 year	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total
						(Baht in million, except for ratios)						
Loans purchased and Foreclosed collateral properties:												
Total Cash collection.....	375.2	841.8	1,920.0	3,069.6	5,226.0	4,943.1	5,613.5	26,281.3	5,789.0	7,523.4	141,239.9	202,822.8
Distressed debt assets cash collection.....	375.2	816.3	1,746.5	2,851.6	4,747.3	4,443.3	4,015.5	24,345.4	4,838.8	5,892.3	104,241.6	158,313.7
Foreclosed collateral properties cash collection.....	0.0	25.5	173.5	218.0	478.7	499.8	1,598.0	1,935.9	950.2	1,631.1	36,998.3	44,509.1
Acquisition cost.....	12,819.1	10,978.0	10,678.2	12,634.7	15,190.6	13,852.3	8,333.4	18,045.5	5,789.3	6,049.5	108,970.5	223,340.9
Cash collection/ Acquisition cost (%).....	2.93	7.67	17.98	24.30	34.40	35.68	67.36	145.64	100.00	124.36	129.61	90.81

Cash collection tends to gradually increase within the first five years of an asset's acquisition as we carry out preparation, negotiation and restructuring activities, and then accelerates in the recovery period. As of December 31, 2019, total cash collection for assets acquired within the last three years is 9.10% which is lower than total cash collection for assets acquired more than 10 years ago of 129.61%

For example, from the portfolios of loans purchase that we have acquired in the 1 to 2 years prior to December 31, 2019 of Baht 10,978.0 million, we collected Baht 841.8 million (of which Baht 816.3 million was from distressed debt assets and Baht 25.5 million was from Foreclosed Collateral Properties)

As of December 31, 2019, we had a total balance of Baht million of loans purchased which we had acquired within one to two years before (of which Baht 9,883.9 million is from distressed debt assets and Baht 509.1 million is from Foreclosed Collateral Properties), with a total appraisal value of Baht 20,432.2 million (of which Baht 19,543.4 million is from distressed debt assets and Baht 888.9 million is from Foreclosed Collateral Properties).

Directly Acquired Foreclosed Properties

The following table sets forth certain details regarding the appraisal value and outstanding balance of foreclosed properties that we directly acquired ("Directly Acquired Foreclosed Properties") as of December 31, 2019.

Time since acquisition	Less than 1 year	From 1 to less than 2 years	From 2 to less than 3 years	From 3 to less than 4 years	From 4 to less than 5 years	From 5 to less than 6 years	From 6 to less than 7 years	From 7 to less than 8 years	From 8 to less than 9 years	From 9 to less than 10 years	From 10 years and above	Total	Less than 5 yeas	Less than 5 yeas (%)
						(Baht in million, except for ratios)								
Directly Acquired Foreclose Properties:														
Outstanding balance.....	663.5	348.5	437.5	738.5	31.8	0.2	389.6	889.6	194.1	49.6	2,260.8	6,003.6	2,219.7	36.97
Appraisal value...	1,259.6	668.0	945.6	1,281.6	54.0	0.3	952.6	3,011.6	467.0	188.1	7,330.5	16,158.9	4,208.9	26.05
Appraisal value / outstanding balance (x).....	1.90	1.92	2.16	1.74	1.70	1.44	2.44	3.39	2.41	3.79	3.24	2.69	1.90	

As of December 31, 2019, assets that we have acquired within the past five years accounted for approximately 36.97% of our total outstanding balance of Directly Acquired Foreclosed Properties. The total appraised value of the assets that we have acquired within the past five years is 1.90x of the total outstanding balance of Directly Acquired Foreclosed Properties.

The following table sets forth certain details regarding our cash collection and acquisition cost of our portfolios of Directly Acquired Foreclosed Properties with various holding periods as of December 31, 2019:

Time since acquisition	Less than 1 year	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 1 to less than 2 years	From 10 years and above	Total
						(Baht in million, except for ratios)						
Directly Acquired Foreclose Properties:												
Cash collection	84.5	327.0	45.6	132.6	20.2	0.8	3,733.4	4,930.1	1,301.3	1,469.3	32,619.2	44,663.9
Acquisition cost.....	788.7	609.0	525.1	878.7	42.4	0.2	1,831.1	2,617.7	868.0	764.4	17,316.7	26,242.0
Cash collection / Acquisition cost (%)...	10.71	53.70	8.68	15.09	47.68	451.24	203.88	188.34	149.92	192.21	188.37	170.20

As of December 31, 2019, cash collection for Directly Acquired Properties for sale is 23.78% of the acquisition cost of assets acquired within three past years as compared with 188.37% of that of assets acquired more than 10 years.

For example, we had collected Baht 327.0 million from the properties for sale that we directly acquired 1 to 2 years prior to December 31, 2019 for Baht 609.0 million. The properties for sale which we had acquired one to two years before had total outstanding balance of Baht 348.6 million and total appraisal value of Baht 668.0 million.

Forward looking

Performance

Following the listing in SET, the company will be entitled to corporate income tax (in the past, we have granted tax privilege as an state-owned enterprise). However, the company is expecting to achieve improved profits before income tax through efficient NPLs and NPAs management in the future.

Financial Status

The Company has ability to maintain the growth rate of asset base through economic lifecycle and turn investment into cash efficiently and effectively. BAM is also capable of managing and diversifying sources of fund to support ongoing business.

Potential Factors and Impact

1 Supportive Factors

1.1 NPLs in the financial institution system are growing consistently along with expansion on new loans. This will enhance BAM's ability to grow its asset base consistently which will benefit the profitability in the future.

1.2 BAM has experienced team with established track record in acquiring and managing NPLs and NPAs at favorable and reasonable price.

1.3 Company's NPAs Renovation Scheme will enhance the opportunity to expedite Sales Performance.

1.4 Specialize in negotiating, debt restructuring, selling NPAs and appraising assets, as well as exten sive nationwide network allow BAM to manage both NPLs and NPAs effectively in the way that would maintain revenue growth.

2 Considerations

2.1 During the slowdown of the economy and the real estate market in Thailand, our company may have difficulty in managing NPLs and selling NPAs.

2.2 The company may face competition in sourcing NPLs and NPAs from competitors. However, our competitors are currently focusing mainly on unsecured loans, unlike our targeted on real-estate collateralized NPLs.

Moreover, we are expecting a significant capital intensive from the foreign investment that may enter into Thai AMC business, which arises the competition in the market.

2.3 The company has estimated the impact of the Land and Building Tax Act that impose specifically on NPAs. However, under the Royal Decree on Reducing the Land and Property Tax, the Company as an AMC will receive a 90% tax relief discount on properties that are being held less than five years.

2.4 As a result of the initial adoption of TFRS 9, our financial statements for the year ended December 31, 2020 may not be comparable to the previous financial statements.


aug.
sep.
nov.
Subdivision 1

Report of the Board of Directors' Responsibility to the Financial Report

The Executives prepared the Financial Statement, for the year ended on December 31st, 2019, in accordance with the generally accepted accounting standard. In this regard, the Executives always used and follow the appropriate polices, exercised their discretion carefully and appropriately, in the preparation of the financial statements. The Executives also revealed sufficient amounts of information in the Note to Financial Statement.

The Board of Directors recognizes its responsibility in supervising and ensuring the efficiency of the Company's financial reports. The Board hence appointed the Audit Committee, which was comprised of many experts, with the responsibility of supervising and ensuring the quality, integrity, and legitimacy of the Company's financial reports; that the Company will regularly use and follow the appropriate policies. The Audit Committee also constantly reviews and makes sure that the Company will always have the sufficient and appropriate internal control system. The Audit Committee helps with the evaluation of the Company's risks, in order to prevent or mitigate any potential risks of corruption or significantly irregular operations, and to preserve the Company's assets.

For the aforementioned methods and procedures, the Board of Directors deems that the Financial Statement of Bangkok Commercial Asset Management Public Company Limited, as of December 31st, 2019, correctly and reliably depicts the Company's financial position and performance; and that the Financial Statement is prepared in accordance with the generally accepted accounting standard; and that the Company complies with all the related rules and regulations.



Mrs. Tongurai Limpiti
Chairman



Mr. Somporn Moonsrikaew
President

AUDITOR'S REPORT

To: The Shareholders of Bangkok Commercial Asset Management Public Company Limited

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying financial statements of Bangkok Commercial Asset Management Public Company Limited ("the Company"), which comprise the statement of financial position as at December 31, 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the above mentioned financial statement present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standard rules and Thai Standards on Auditing (TSAs). The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Company in accordance with the ethical requirements set out in the State Audit Standard rules issued by the State Audit Commission and the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the financial statement, and has also fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence that the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Information and event in focus

The State Audit Office of the Kingdom of Thailand draws attention to note 8.11 (b) to financial statements which describes the deferred tax benefit not recognized as assets in the statement of financial position, on which we do not provide any qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in the State Audit Office of the Kingdom of Thailand's professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on these matters.

The State Audit Office of the Kingdom of Thailand identifies the followings as key audit matters to communicate:

1. Allowance for doubtful accounts of loans purchased

Allowance for doubtful accounts is an important audit issue in view of its amount of material significance to the financial statements and use of assumptions and judgment in the projection made by the Management in accordance with the financial reporting standards and the criteria set by the Bank of Thailand, as well as consideration of projection of cash flows from collaterals, projection of cash flows expected to be obtained from debtors, and economic conditions that may affect debt default rates.

As at December 31, 2019, loans purchased accounted for 72.22% of total assets with allowance for doubtful accounts of 6,246.89 million Baht.

Disclosure of information on allowance for doubtful accounts is as referred to in note 4.5 and note 8.4 of the notes to financial statements.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

- Obtaining an understand the accounting policy and procedure related to setting allowance for doubtful accounts, loan classification, collateral value, mortgage value, indebtedness on an accrual basis, and processes to purchase receivables and management of loans purchased.
- Assessing and testing the internal control in relation to calculation of allowance for doubtful accounts of loans purchased and calculation of collateral value.
- Comparing the Company's policy with regulatory criteria and test internal control of information technology system in relation to such calculation of allowance for doubtful accounts.
- Testing the calculation of allowance for doubtful accounts as of the end of the reporting period by reviewing the assumptions and methods used by the Company and completeness of the data used in calculation as well as the recording of accounting items.

2. Interest income from loans purchased

Interest income from loans purchased is recognized upon receipt of payment from debtors, divided into two cases below:

1) In case of non-performing loans (NPLs) with debt restructuring or compromising agreements, the Company recognizes interest income by the individual rate of return approach for the overdue period starting from the agreement execution date or the date of the latest receipt of payment until the date of the current receipt of payment with the individual rate of return calculated from the projected cash flow expected to be obtained from each acquired receivable based on each debt restructuring or compromising agreement. In case the agreement requires asset transfer for debt settlement, the Company will use the estimated value of the transferred asset for debt settlement as the projected cash inflow for calculation of the individual rate of return.

However, if the debt restructuring agreement requires auction of the collateral asset, the Company will not use the estimated value from the auction as part of the cash inflow projection due to uncertainty of the value to be received.

2) In case of NPLs without debt restructuring or compromising agreements, debt payment received from each debtor or payment received from auction of the collateral asset will be entirely deducted from principal debt. As if the difference arising from the amount received exceeding the cost of loans purchased will be presented as interest income from loans purchased.

As at December 31, 2019, interest income from loans purchased accounted for 73.29% of total income.

The State Audit Office of the Kingdom of Thailand attaches importance to auditing interest income from loans purchased as the Management has to exercise judgment in determining the individual rate of return for projection of income which is of material significance to the overall financial statements.

Disclosure of information on interest income from loans purchased is as referred to in note 8.23.1 and accounting policy "Recognition of interest income from loans purchased" in note 4.1 (a) of the notes to financial statements.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

- Testing the calculation of individual rate of return of receivables with debt restructuring used in the calculation of interest income from loans purchased.
- Reviewing the recognition of interest income from loans purchased through sampling test of daily receipt of debt payment against debtor cards and ledger accounts, and test the calculation of settlement of debts.
- Testing the transactions after the period end to verify the completeness of the recognized interest income from loans purchased against the respective accounting period.

Other information

Management is responsible for the other information. The other information comprises the information

included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the financial statements, the State Audit Office of the Kingdom of Thailand's 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 financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charge with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the 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 the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and 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 financial statements.

As part of an audit in accordance with the State Audit Standards and TSAs, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assess the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's 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.
- Obtains 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 Company's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of the management's 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 Company's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains appropriate and sufficient audit evidence in relation to financial information of the Company in order to provide opinion on the financial statements. The State Audit Office of the Kingdom of Thailand is responsible for setting out the guidelines for audit operation and supervision, and is solely accountable for the opinion provided.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand's audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the State Audit Office of the Kingdom of Thailand determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The State Audit Office of the Kingdom of Thailand describes these matters in the auditor's report of the State Audit Office of the Kingdom of Thailand unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the State Audit Office of the Kingdom of Thailand determines that a matter should not be communicated in the State Audit Office of the Kingdom of Thailand's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Signed) Pattra Showsri
(Pattra Showsri)
Deputy Auditor General

(Signed) Satawat Boonkoy
(Satawat Boonkoy)
Auditor, Senior Professional Level Acting
Director of Financial and Procurement Audit Office No. 5

State Audit Office of the Kingdom of Thailand
February 27, 2020

Bangkok Commercial Asset Management Public Company Limited

Statement of Financial Position

As at December 31, 2019

Unit : Baht

	Notes	December 31, 2019	December 31, 2018
Assets			
Cash	8.1	4,706,349.81	3,614,465.35
Cash at financial institutions	8.2	1,378,910,144.47	1,031,795,622.76
Investment in securities - net	7.3	70,181,943.32	93,936,348.17
Loans purchased	8.4	83,621,548,219.63	81,718,994,565.32
Less Allowance for doubtful accounts		(6,246,885,746.95)	(6,285,055,237.31)
Loans purchased - net		77,374,662,472.68	75,433,939,328.01
Installment sale receivables	8.5	1,541,773,750.57	1,452,841,008.05
Less Deferred gross margin from installment sale receivables		(890,855,363.07)	(742,325,888.85)
Less Allowance for doubtful accounts - installment sale receivables		(1,765,038.24)	(2,217,646.95)
Installment sale receivables - net		649,153,349.26	708,297,472.25
Properties for sale - net	8.6	23,899,114,790.44	20,595,824,841.33
Accrued income from auction sale - net	8.7	9,595,611,371.12	7,115,446,818.61
Premises and equipment - net	8.8	1,243,219,059.32	1,251,541,982.94
Intangible assets - net	8.9	15,915,559.15	13,282,153.12
Advance for expenses on asset acquisition and others	8.10	888,262,192.17	1,217,275,718.36
Deferred tax assets	8.11	491,316,002.18	-
Other assets	8.12	178,612,922.15	188,047,305.84
Total assets		115,789,666,156.07	107,653,002,056.74

Notes to Financial Statements are an integral part of these Financial Statements.

Bangkok Commercial Asset Management Public Company Limited

Statement of Financial Position (Continued)

As at December 31, 2019

Unit : Baht

	Notes	December 31, 2019	December 31, 2018
Liabilities and equity			
Liabilities			
Debt issued and borrowings	8.14	75,687,524,260.89	57,709,277,417.46
Accrued interest payable	8.15	504,240,465.00	245,358,785.37
Provisions	8.16	1,052,334,655.37	769,519,346.07
Unearned income from auction sale	8.17	-	5,342,009,258.02
Other liabilities	8.18	1,479,446,614.72	1,737,822,585.99
Total liabilities		78,723,545,995.98	65,803,987,392.91
Equity			
Share capital			
Authorized share capital			
3,245,000,000 common shares, par value 5 baht each	8.19	16,225,000,000.00	16,225,000,000.00
Issued and paid-up share capital			
3,015,000,000 common shares, par value 5 baht each	8.19	15,075,000,000.00	13,675,000,000.00
(2018: 2,735,000,000 common shares, par value 5 baht each)			
Capital surplus (deficit) from 280,000,000 common shares	8.19	3,399,425,912.35	-
Other components of equity	8.3.4	(65,023,289.86)	(58,017,385.72)
Retained earnings			
Appropriated			
Legal reserves		1,622,500,000.00	1,622,500,000.00
Unappropriated		17,034,217,537.60	26,609,532,049.55
Total Equity		37,066,120,160.09	41,849,014,663.83
Total liabilities and equity		115,789,666,156.07	107,653,002,056.74

Notes to Financial Statements are an integral part of these Financial Statements.

(Mr. Bunyong Visatemongkolchai)
Chairman of Executive Board

(Mr. Somporn Moonsrikaew)
President

Bangkok Commercial Asset Management Public Company Limited

Statement of profit or loss and other comprehensive income

For the Year Ended December 31, 2019

Unit : Baht

	Notes	2019	2018
Interest income			
Loans purchased	8.23.1	8,968,440,817.11	6,295,169,332.66
Investment in securities		33,494,208.21	3,731,139.11
Cash at financial institutions		15,598,602.88	10,329,670.76
Installment sale receivables		107,986,268.30	89,185,927.33
Others		14,231,092.27	15,524,188.93
Total interest income		9,139,750,988.77	6,413,940,258.79
Interest expenses			
Interest and discount on promissory notes		224,619,277.57	281,495,503.32
Interest paid on loans		637,699,761.25	439,767,850.53
Interest on debentures		1,270,057,386.27	1,048,145,295.26
Total interest expenses		2,132,376,425.09	1,769,408,649.11
Interest income - net		7,007,374,563.68	4,644,531,609.68
Gain (Loss) on investment in securities		3,991,603.16	(30,309,029.21)
Gain on sale of properties for sale		2,907,235,356.26	3,105,514,954.01
Gain on installment sales		93,592,273.53	115,214,389.16
Other operating income			
Dividend income		38,186,090.93	36,966,721.10
Other operating income	8.23.2	53,413,560.01	109,822,569.16
Total other operating income		91,599,650.94	146,789,290.26
Total operating income		10,103,793,447.57	7,981,741,213.90

Notes to Financial Statements are an integral part of these Financial Statements.

Bangkok Commercial Asset Management Public Company Limited

Statement of profit or loss and other comprehensive income (Continued)

For the Year Ended December 31, 2019

Unit : Baht

	Notes	2019	2018
Other operating expenses			
Employee's expenses		2,143,561,562.51	1,836,937,034.72
Directors' remuneration		20,099,838.71	10,840,161.29
Premises and equipment expenses		223,937,342.82	221,905,835.41
Taxes and duties		764,595,169.77	517,748,999.91
Impairment loss on properties for sale (reversal)		(24,688,410.90)	(20,496,671.01)
Properties for sale expenses		97,485,175.87	89,129,763.60
Other expenses	8.24	532,140,132.62	278,569,151.90
Total other operating expenses		3,757,130,811.40	2,934,634,275.82
Bad debts and doubtful accounts		134,618,110.08	(162,194,456.12)
Profit from operating before income tax		6,212,044,526.09	5,209,301,394.20
Income tax	8.25	(337,255,924.16)	7,276,797.33
Net profit		6,549,300,450.25	5,202,024,596.87
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Gain (Loss) on remeasuring of available-for-sale investment		(23,261,726.61)	(11,765,655.43)
Income tax relating to components of other comprehensive income		16,255,822.47	-
Items that will not be reclassified subsequently to profit or loss			
Actuarial losses on defined benefit plans		(20,801,444.00)	-
Income tax relating to components of other comprehensive income		17,643,981.80	-
Total other comprehensive income		(10,163,366.34)	(11,765,655.43)
Total comprehensive income		6,539,137,083.91	5,190,258,941.44
Earnings per share			
Basic earnings per share	8.26	2.38	1.90
Weighted average number of common shares (shares)		2,750,342,465.75	2,735,000,000.00

Notes to Financial Statements are an integral part of these Financial Statements.

(Mr. Bunyong Visatemongkolchai)
Chairman of Executive Board

(Mr. Somporn Moonsrikaew)
President

Bangkok Commercial Asset Management Public Company Limited

Statement of Changes in Equity

For the Year Ended December 31, 2019

Unit : Baht

	Notes	Issued and Paid-up Share Capital	Surplus (Deficit) from Share capital	Other Components of Equity	Retained Earnings				Total
				Revaluation surplus (deficit) on investments	Appropriated Legal Reserves	Unappropriated			
						Actuarial gain (loss)	Net profit	Total	
Balance as at January 1, 2018		13,675,000,000.00	-	(46,251,730.29)	1,622,500,000.00	-	-	25,808,122,452.68	41,059,370,722.39
Dividend paid	8.21	-	-	-	-	-	-	(4,400,615,000.00)	(4,400,615,000.00)
Total comprehensive income		-	-	(11,765,655.43)	-	-	5,202,024,596.87	5,202,024,596.87	5,190,258,941.44
Balance as at December 31, 2018		13,675,000,000.00	-	(58,017,385.72)	1,622,500,000.00	-	5,202,024,596.87	26,609,532,049.55	41,849,014,663.83
Balance as at January 1, 2019		13,675,000,000.00	-	(58,017,385.72)	1,622,500,000.00	-	-	26,609,532,049.55	41,849,014,663.83
Capital increase totaling 280,000,000 common shares, par value 5 baht each	8.19	1,400,000,000.00	3,399,425,912.35	-	-	-	-	-	4,799,425,912.35
Dividend paid	8.21	-	-	-	-	-	-	(16,121,457,500.00)	(16,121,457,500.00)
Gain (Loss) on remeasuring of available-for-sale investment		-	-	(23,261,726.61)	-	-	-	-	(23,261,726.61)
Income tax relating to components of other comprehensive income		-	-	16,255,822.47	-	-	-	-	16,255,822.47
Actuarial losses on defined benefit plans		-	-	-	-	(20,801,444.00)	-	(20,801,444.00)	(20,801,444.00)
Income tax relating to components of other comprehensive income		-	-	-	-	17,643,981.80	-	17,643,981.80	17,643,981.80
Net profit		-	-	-	-	-	6,549,300,450.25	6,549,300,450.25	6,549,300,450.25
Total comprehensive income		-	-	(7,005,904.14)	-	(3,157,462.20)	6,549,300,450.25	6,546,142,988.05	6,539,137,083.91
Balance as at December 31, 2019		15,075,000,000.00	3,399,425,912.35	(65,023,289.86)	1,622,500,000.00	(3,157,462.20)	6,549,300,450.25	17,034,217,537.60	37,066,120,160.09

Notes to Financial Statements are an integral part of these Financial Statements.

Bangkok Commercial Asset Management Public Company Limited

Statement of Cash Flows

For the Year Ended December 31, 2019

Unit : Baht

	2019	2018
Cash flows from operating activities		
Profit from operating before income tax expenses	6,212,044,526.09	5,209,301,394.20
Adjustments to reconcile profit from operating before income tax expenses to cash received (paid) from operating activities		
Depreciation and amortization	138,217,423.28	141,307,415.26
Decrease in advance expenses	95,239,057.75	75,981,801.69
(Increase) Decrease in accrued income	(11,525,960.34)	113,404.58
Decrease in deferred income	(3,745,013.68)	(3,897,667.07)
Increase in accrued expenses	183,827,324.51	328,492,352.43
Loss from write-off of assets	724.00	602.00
Allowance for long-term employee benefits	331,467,872.00	66,095,383.00
Gain on fixed asset sales	(2,673,976.21)	(13,374,665.27)
Gain on repossession of property under installment sales	(7,439,786.49)	(2,570,319.97)
Increase (Decrease) in doubtful accounts	134,618,110.08	(162,194,456.12)
Increase (Decrease) in doubtful accounts - installment sale receivables	(452,608.71)	2,217,646.95
Impairment loss on properties for sale (reversal)	(24,688,410.90)	(20,496,671.01)
(Gain) Loss on investment in securities	(3,991,603.16)	30,309,029.21
	7,040,897,678.22	5,651,285,249.88
Net interest income	(7,007,374,563.68)	(4,644,531,609.68)
Net dividend income	(38,186,090.93)	(36,966,721.10)
Cash received from interest income	9,106,237,955.31	6,410,281,552.50
Cash received from dividend income	38,186,090.93	43,600,528.80
Cash paid on properties transferred from financial institutions	(8,210,350,098.85)	(7,088,271,954.65)
Cash paid on interest	(1,873,494,745.46)	(1,801,257,411.51)
Cash paid on income tax expenses	(14,412,808.11)	(8,797,804.95)
Loss from operation before changes in operating assets and liabilities	(958,496,582.57)	(1,474,658,170.71)
(Increase) Decrease in operating assets		
Loans purchased	6,338,544,138.55	5,037,033,664.00
Installment sale receivables	238,128,020.41	251,193,005.49
Properties for sale	1,448,078,890.66	1,513,872,245.60
Advance for expenses on asset acquisition and others	(2,480,164,552.51)	(2,129,465,905.29)
Accrued income from auction sale	329,013,526.19	(495,723,369.46)
Other assets	(142,712,069.15)	116,475,064.74
Increase (Decrease) in operating liabilities		
Unearned income from auction sale	(5,342,009,258.02)	5,342,009,258.02
Long-term employee benefits	(69,454,006.70)	(48,336,300.00)
Other liabilities	(554,950,366.99)	66,472,942.79
Net cash provided from (used in) operating activities	(1,194,022,260.13)	8,178,872,435.18

Notes to Financial Statements are an integral part of these Financial Statements.

Bangkok Commercial Asset Management Public Company Limited

Statement of Cash Flows (Continued)

For the Year Ended December 31, 2019

Unit : Baht

	Notes	2019	2018
Cash flows from investing activities			
Cash paid on purchase of premises and equipment	8.30.2	(77,917,554.21)	(78,584,530.67)
Cash paid on purchase of available-for-sale securities		(13,744,631,827.50)	(5,656,632,024.52)
Cash paid on purchase of intangible assets	8.30.3	(13,086,759.20)	(3,046,875.00)
Decrease in bank deposits under guarantee obligations		50,900.00	40,000.00
Cash received from sales of fixed assets		2,691,463.56	13,374,766.27
Cash received from available-for-sale debt securities		13,778,133,697.11	5,655,314,902.52
Cash received from investment in securities		4,476,620.00	8,607,676.82
Net cash used in investing activities		(50,283,460.24)	(60,926,084.58)
Cash flows from financing activities			
Cash received from bank borrowings		49,500,000,000.00	16,450,000,000.00
Cash received from debenture issuance		20,000,000,000.00	8,000,000,000.00
Cash received from capital increase		4,900,000,000.00	-
Cash paid on capital increase		(115,928,604.66)	-
Cash received from redemption of bills of exchange		97,064,796.50	97,064,796.50
Cash paid on repayment of loans and debt securities		(49,402,667,402.96)	(21,779,023,757.05)
Cash paid on debentures		(7,230,000,000.00)	(6,600,000,000.00)
Cash paid on fee for issuance of debentures		(30,057,154.99)	(12,659,934.57)
Cash paid on notes payable aval expense		(4,409,932.60)	-
Cash paid on dividend payment to shareholders		(16,121,457,500.00)	(4,400,615,000.00)
Net cash provided from (used in) financing activities		1,592,544,201.29	(8,245,233,895.12)
Net increase (decrease) in cash and cash equivalents		348,238,480.92	(127,287,544.52)
Cash and cash equivalents as at beginning balance		1,031,572,255.20	1,158,859,799.72
Cash and cash equivalents as at ending balance	8.30.1	1,379,810,736.12	1,031,572,255.20

Notes to Financial Statements are an integral part of these Financial Statements.

Bangkok Commercial Asset Management Public Company Limited

Notes to Financial Statements

For the Year Ended December 31, 2019

Notes	Subject
1	Background
2	Basis for Preparation of Financial Statements
3	New Financial Reporting Standards
4	Summary on Significant Accounting Policies
5	Significant Accounting Judgments and Estimates
6	Basic Earnings per Share
7	Financial Instruments
8	Additional Information
	8.1 Cash
	8.2 Cash at financial institutions
	8.3 Investment in securities - net
	8.4 Loans purchased
	8.5 Installment sale receivables
	8.6 Properties for sale - net
	8.7 Accrued income from auction sale - net
	8.8 Premises and equipment - net
	8.9 Intangible assets - net
	8.10 Advance for expenses on asset acquisition and others
	8.11 Deferred tax assets
	8.12 Other assets
	8.13 Classified assets asset quality
	8.14 Debt issued and borrowings
	8.15 Accrued interest payable
	8.16 Provisions
	8.17 Unearned income from auction sale
	8.18 Other liabilities
	8.19 Share capital
	8.20 Legal reserves

Notes	Subject
8	Additional Information (continued)
	8.21 Profit appropriation and dividend payment
	8.22 Capital management
	8.23 Interest income from loans purchased and other operating income
	8.24 Other expenses
	8.25 Income tax
	8.26 Basic earnings per share
	8.27 Related persons or parties
	8.28 Directors' remuneration
	8.29 Financial position and performance classified by operating segments
	8.30 Additional information about cash and significant non-cash items
	8.31 Assets with obligations
	8.32 Guarantee
	8.33 Contingent liabilities
	8.34 Fair value measurement of financial instruments
	8.35 Reclassification
	8.36 Events after the date of the financial statements
	8.37 Approval of the financial statements

1. Background

Under the financial institutions development plan devised by the Ministry of Finance pursuant to the Cabinet's resolution dated August 14, 1998, Bangkok Commercial Asset Management Co., Ltd. ("BAM" or "the Company") was established by Bangkok Commerce Plc. (formerly known as Bangkok Bank of Commerce Plc.) while 96.53% of shares of Bangkok Commerce Plc. are owned by the Financial Institutions Development Fund (FIDF).

On January 7, 1999, BAM was registered as a limited company pursuant to the Civil and Commercial Code, with Bangkok Commerce Plc. owning 99.99% of its shares. On January 28, 1999, it was registered as an asset management company under the Emergency Decree on Asset Management Company B.E. 2541 with the main objective to manage non-performing assets of Bangkok Bank of Commerce Plc.

On March 29, 2002, the Company added more of its objectives in respect of management of non-performing assets and being an agent for debt collection pursuant to the Emergency Decree on Thai Asset Management Corporation B.E. 2544, including custody and management of assets, transfer documents or other documents and all relevant matters.

On February 4, 2003, the official receiver issued a warrant of order no. 1338 2546 which required Bangkok Commerce Plc. to transfer to FIDF all shares in BAM, totaling 546,999,993 shares with a par value of 25 Baht per share at the total book value of 13,674,999,825 Baht, thereby leading FIDF to become a direct shareholder of the Company.

On December 25, 2015, BAM registered a transformation into a public company in the name of Bangkok Commercial Asset Management Public Company Limited. On December 12, 2019, the Stock Exchange of Thailand gave permission for listing of the Company's common shares on the stock exchange under the symbol "BAM", resulting in FIDF's shareholding proportion of 41.46%, and first-day trading was on December 16, 2019.

It's headquartered at 99 Surasak Road, Silom, Bang Rak, Bangkok, to operate the business of purchasing or receiving transfer of non-performing loans (NPLs) and non-performing assets (NPAs) for management or for further disposal or transfer.

2. Basis for Preparation of Financial Statements

These financial statements are prepared in accordance with Thai generally accepted financial reporting standards under the Accounting Profession Act B.E. 2547, and presentation of items in the financial statements is in conformity with the Bank of Thailand (BOT) Notification No. FPG. 22/2558, Re: Preparation and Announcement of Financial Statements of a Finance Company and a Credit Foncier Company dated December 4, 2015.

The financial statements in Thai language have been prepared and are used officially for legal purposes. An English language version of the financial statements is the translation of the Thai version. Where there is any conflict in either the substance or the interpretation between the two version, the Thai language financial statements shall prevail.

The financial statements have been prepared based on historical cost unless stated otherwise in the accounting policies.

3. New Financial Reporting Standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new Financial Reporting Standards and Interpretations which are effective for fiscal years beginning on or after January 1, 2019. These Financial Reporting Standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these Financial Reporting Standards does not have any significant impact on the Company's Financial statements. However, the new standard involves changes to important principles, which are summarized below:

Thai Financial Reporting Standards (TFRS) 15: Revenue from Contracts with Customers

TFRS 15 replaces the relevant Thai accounting Standards and Interpretation of Accounting Standards as follows:

Thai Accounting Standards	
TAS 11 (Revised 2017)	Construction Contracts
TAS 18 (Revised 2017)	Revenue
Interpretation of Thai Accounting Standards	
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Service
Interpretation of Thai Financial Reporting Standards	
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (Revised 2017)	Transfer of Assets from Customers

Thai Financial Reporting Standards (TFRS) 15: Revenue from Contracts with Customers (cont.)

The Company is to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the financial statements.

3.2 Financial Reporting Standards that will become effective for fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and Interpretations, which are effective for fiscal years beginning on or after January 1, 2020 as follows:

	Thai Accounting Standards
TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting of Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in associates and joint ventures
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 32	Financial Instruments: Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities, and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture

3.2 Financial Reporting Standards that will become effective for fiscal years beginning on or after January 1, 2020 (cont.)

	Thai Financial Reporting Standards
TFRS 1	First-time Adoption of Thai Financial Reporting Standards
TFRS 2	Share-based Payment
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments: Disclosures
TFRS 8	Operating Segment
TFRS 9	Financial Instruments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Leases
	Interpretation of Thai Accounting Standards
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 25	Income Taxes - Changes in the Tax Status of An Entity or Its Shareholders
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web site Costs
	Interpretation of Thai Financial Reporting Standards
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies

3.2 Financial Reporting Standards enforceable to financial statements of the accounting periods beginning on or after January 1, 2020 (cont.)

	Interpretation of Thai Financial Reporting Standards
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19: Employee Benefits
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distribution of Non-cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments
	Accounting Guidance
	Financial instruments and presentation for insurance business
	Exception for business combination under common control in case of first - time adoption of Thai Financial Reporting Standards

Thai Accounting Standards, Thai Financial Reporting Standards, Interpretation of Accounting Standards, Interpretation of Thai Financial Reporting Standards and Thai Accounting Guidance abovementioned were revised and aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to important principles, which are summarized below.

- **Thai Financial Reporting Standards (TFRS) : Financial Instruments Group**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows

	Thai Financial Reporting Standards
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
	Thai Accounting Standards
TAS 32	Financial Instruments: Presentation
	Interpretation of Thai Financial Reporting Standards
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

• **Thai Financial Reporting Standards (TFRS) : Financial Instruments Group (cont.)**

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards and guidance which are currently effective will be cancelled.

The management of the Company expects the adoption of these accounting standards to result in the following adjustments.

Classification of financial assets

Classification and measurement of investments in equity instruments of non-listed companies - The Company is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company selects to present subsequent changes in the fair value of the investment through other comprehensive income, the selection is irrevocable.

Classification of financial liabilities

The adoption of this TFRS group has no impact on the Company's classification of financial liabilities. The Company has classified financial liabilities at amortized cost.

Impairment of financial assets

TFRS 9 requires that an entity projects impairment loss of financial assets from expected credit loss instead of incurred loss according to the previous accounting policy. The Company adopts the principle of impairment loss of financial assets where there is credit impairment upon the purchase or acquisition thereof, and the general principle, to calculate the expected credit loss of other financial assets (including installment sale receivables and accrued income from auction sale). Therefore, the Company has changed its significant accounting policy on projection of impairment loss of financial assets.

The management of the Company has evaluated the potential impact of this standard at around 1,836 million Baht to retained earnings and allowance for expected credit loss in the year when that is adopted.

• **Thai Financial Reporting Standards (TFRS) 16: Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

• **Thai Financial Reporting Standards (TFRS) 16: Leases (cont.)**

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Summary on Significant Accounting Policies

4.1 Recognition of income

a) Interest income from loans purchased /gain on loans purchased

The Company recognizes interest income from non-performing loans (NPLs) acquired or transferred from other financial institutions when payments are made by debtors, divided into two cases below:

NPLs with debt restructuring or compromise agreements

The Company recognizes interest income when payment is received from debtors, applying an individual rate of return approach whereby the rate of return is calculated on the basis of the projected cash flows received from receivable, based on debt restructuring or compromise agreements. In cases where an agreement requires assets to be transferred to settle debt, the Company uses the estimated value of the assets to be transferred as the projected cash inflow for the purpose of calculating the individual rate of return. However, if the debt restructuring agreement requires auction of a collateral asset, the Company does not include the estimated receipt in the cash flow projection due to uncertainty of the value to be received.

The Company recognizes interest income, which is calculated based on the overdue period from the date of execution of the debt restructuring or compromise agreements, or from the date of the latest receipt of payment to the date of the payment received, using the yield rate calculated above. The amount of interest income recognized is not to exceed the amount of payment received from the debtors, with any difference after the recognition of interest income to be deducted from the principal amount of loans purchased.

NPLs without debt restructuring or compromise agreements

Debt settlement received from debtors under any circumstances (cash received from debtors or receipts from the auction of collateral assets) is fully deducted from principal. In cases where the amount received exceeds the cost of loans purchased the difference is presented as gain on credit for loans purchased. The Company recognizes these items as described below:

- In case where cash is received from the debtors, the income is recognized on the date the cash payment is received.

NPLs without debt restructuring or compromise agreements (cont.)

- If collateral of a debtor is put up for auction at the Legal Execution Department, the Company records the reduction of debt on the date when the buyer completes making payment to the Legal Execution Department and records accrued income from auction sale at the Legal Execution Department as an account receivable.

If a debtor's transferred assets are received as a result of an auction of collateral or a transfer of assets for debt settlement, the transferred assets are recorded at the bid price or the price agreed upon with the debtor deducted by the cost of loans purchased. If the value of the transferred asset exceeds the outstanding loans purchased, the difference is presented as revaluation of properties for sale so that the value of the asset recorded in the financial statements does not exceed the cost of loans purchased. The income recognized on the date of receipt of the transferred asset.

b) Interest income from cash at financial institutions

Interest income from cash at financial institutions is recognized on an accrual basis and in proportion to the term with actual return taken into consideration.

c) Fee and service income

Fee and service income is recognized at a point of time upon completion of the service.

d) Interest and dividend income from investment

Interest income and dividend income is recognized on an accrual basis as below:

- **Interest income**

  Interest income is gradually recognized as discount received in the form of a deduction from the investment amount, every month-end until maturity.

- **Dividend income**

  Dividend income is recognized when the right to receive the dividends is established.

e) Gain (loss) on investment

Gain (loss) on investment is recognized as income or expense on the transaction date.

f) Income from installment sale receivables

Income from installment sale receivables is recognized on a cash basis.

- Interest income from installment sale receivables

Interest income from installment sale receivables is recognized upon the debtor's payment of each installment based on the effective interest rate by term of agreement.

- Gain on installment sale receivables

Gain on installment sale receivables is recognized when the aggregate amount of cash received from the debtor is larger than the cost of properties for sale. The income recognized is not to exceed the aggregate amount of the cash received.

4.2 Recognition of expenses

a) Interest expense

Interest expense is recognized as an expense based on the interest rate under the agreement and on an accrual basis. If interest is included in notes payable, it is recognized as deferred interest payable and amortized to expense over the tenor of the notes, using the individual rate of return method.

b) Other expenses

Other expenses are recognized on an accrual basis upon receipt of products or rendering of services and after verification thereof.

4.3 Investment in securities

Investment in all kinds of debt securities and marketable equity securities which are classified as available-for-sale securities is presented at fair value. Any change in the fair value of such securities is separately presented in other comprehensive income in the statement of profit or loss and other comprehensive income, and transferred to other components of shareholders' equity in the statement of changes in shareholders'equity. A profit or loss is recognized upon disposal of the investment.

Investment in held-to-maturity debt securities is presented at cost value. The Company writes off the surplus or deficit on the debt securities based on the individual rate of return. This written-off or recognized amount presented as adjustment against interest receivable.

Investment in non-marketable equity securities over which the Company does not have either direct and indirect control are regarded as other investments and presented at cost, net of allowance for impairment of investments (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association or other markets or the yield rate of the government bond adjusted by an appropriate risk factor, as the case may be.

The difference between net consideration received and the accounting value of investment is recorded in profit or loss in the statement of profit or loss and other comprehensive income. In cases where only partial disposal of an investment is made, the accounting value per unit used in calculating the cost of the disposed investment is determined on a weighted average basis.

Costs of investments acquired as a result of debt restructuring or a transfer of assets for debt payment are recognized at the agreed price, but not greater than the accounting value of the outstanding loans purchased. If the Company holds more than 20% or 50% of shares but does not have control over or influence over the entity, the investment continues to be classified as other investments and is not presented as an investment in an associated or subsidiary company.

4.4 Loans purchased

Each NPLs acquired or transferred from financial institution are recorded at the acquisition cost or transfer cost plus expenses incurred as a result of the acquisition or transfer of NPLs and are entirely classified as loans purchased. Loan purchased is presented net of allowance for doubtful accounts (if any), and doubtful accounts are recognized in profit or loss in the statements of profit or loss and other comprehensive income.

4.5 Allowance for doubtful accounts of loans purchased

The Company has estimated the allowance for doubtful accounts of loans purchased by adopting the Regulations on Assets Classification and Provision of Financial Institutions according to the Notification of the Bank of Thailand (BOT) No. FPG. 5 2559 dated June 10, 2016, where applicable to the Company's transactions. Under the said regulations, debts are mainly classified by the overdue period and adjusted with additional amount of payment expected to be non-collectible from the debtors based on the analysis and assessment of the status of debtors as experienced in the consideration of risk and collateral value. The increased (decreased) amount of allowance for doubtful accounts is recognized as expenses during the year. Classification criteria are as below:

Classification	Overdue Period	Basis of Allowance for Doubtful Accounts
Class 1 Pass	0 - 30 days	Allowance for doubtful accounts is set at the highest value derived from any of the following: 1) 100% of the difference between loans purchased, which are higher, and the lowest of 90% of collateral value or mortgage value, or debt on an accrual basis, or 2) The difference between loans purchased, which are higher, and cash flows from debt restructuring expected to be received in the future, discounted to present value by using the interest rate under the debt restructuring agreement (MLR) as the discount rate.
Class 2 Special Mention	31 - 90 days	
Class 3 Substandard	91 - 180 days	Allowance for doubtful accounts is set at the highest value between 100% of the difference between loans purchased, which are higher, and the lowest of the present value of cash flows expected to be received from disposal of collaterals (discounted according to debtor ageing and status), the mortgage value, or the debt on accrual basis.
Class 4 Doubtful	181 days - 12 months	
Class 5 Doubtful of Loss	over 12 months	

All newly acquired NPLs are classified as doubtful of loss (Class 5) as they formerly are NPLs of financial institutions and the Company has not taken any action on such NPLs. After executing debt restructuring agreements with the debtors, the Company will reclassify them. Those classified as doubtful of loss (Class 5) or doubtful (Class 4) will be upgraded to substandard (Class 3). If they are able to comply with the debt restructuring agreements for at least three consecutive months or three consecutive installments, whichever is longer, they will be upgraded to normal (Class 1).

4.6 Debt restructuring

If debt restructuring is one that involves the Company relaxing debt payment conditions, the Company calculates the fair value of the post-restructuring debt based on the present value of the cash flows expected to be received in future discounted by the interest rate under the agreement (MLR). When the fair value so calculated is lower than the previously recorded balance of the debt, the difference is recognized as allowance for doubtful accounts and fully expensed in profit or loss in the statement of profit or loss and other comprehensive income in the period in which the debt is restructured. The allowance for doubtful accounts reviewed using the present value of the cash flows expected to be received over the remaining period of the agreement and adjusted with doubtful accounts.

If a debt restructuring is one in which the Company accepts the transfer of assets or equity interests, the Company records the costs of the assets or the equity interests received as the agreed values but not to exceed the accounting value of the outstanding loans purchased.

Losses on debt restructuring resulting from agreement to reduce the accounting value of outstanding principal are recognized as losses in profit or loss when the debt restructuring takes place.

4.7 Properties for sale

Properties for sale include properties received as a result of acquisitions/transfers from asset management companies and financial institutions, asset transfers by debtor for debt settlement, and auctions of debtors' assets for debt settlement.

Properties for sale received from acquisitions/transfers from asset management companies and financial institutions are presented at the transfer price (acquisition cost), plus transfer expenses incurred in the course of acquiring the asset.

Properties for sale acquired from financial institutions through auctions, with payment made in the form of non-interest bearing promissory notes, are recorded at the cash equivalent cost excluding interest. Differences between the cash equivalent cost and the amount payable are presented as deferred interest payable and amortized to expenses throughout the tenor of the promissory notes.

Properties for sale acquired as a result of asset transfers by debtors and properties for sale acquired as a result of auctions of debtors' assets for debt settlement are presented at the lower of cost (based on the transfer price or auction price or purchase price, but not to exceed the accounting value of the outstanding loans purchased on the asset acquisition date) include transfer expenses incurred in such asset acquisition, or recoverable value. The value is determined based on the latest appraisal price, minus estimated selling expenses.

Profit or loss from disposal of properties for sale is recognized in profit or loss in the statements of profit or loss and other comprehensive income when the disposal is made. Impairment loss is recognized as an expense in the profit or loss in the statements of profit or loss and other comprehensive income when it actually occurs.

4.8 Installment sale receivables

Installment sale receivables arise from selling properties for sale on an installment payment. The Company records the difference between the selling price and the cost of properties for sale as deferred gross margin from installment sale and recognizes it as income from installment sales when the aggregate amount of cash received from the debtor exceeds the cost of properties for sale. The profit recognized is not exceed the amount by which aggregate amount of cash received which is higher than the cost of properties for sale.

The Company sets aside allowance for doubtful accounts for installment sale receivables using the difference between the accounting value of debt and the expected selling price of properties, determined with reference to the latest appraisal price after deduction of discounts and estimated selling expenses.

4.9 Accrued income from auction sale

This item arises from prosecution against receivables and the court has ordered legal execution. The Legal Execution Department then announces the auction, for which bids are lodged by an external party or the Company in the capacity of an external party. These two situations are as follows:

1. The successful bidder is an external party:

   In cases where collateral is auctioned and the successful bidder is an external party, the item is recorded as accrued income from auction sale on the date the buyer makes full payment to the Legal Execution Department, provided that the collateral is under first mortgage only. The Company records the estimated operating expense to be collected by the Legal Execution Department at the rate of 7% of the auction price, presenting it as a deduction from accrued income from auction sale

2. The successful bidder is the Company, in the capacity of an external party

   In case where the Company is the buyer of the collateral and has already made full payment to Legal Execution Department, the item recognized as accrued income from auction sale at the auction price less purchase fee of 3.5% of the auction price.

4.10 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation is calculated by the straight-line method over the estimated useful life of each type of assets as follows:

	Depreciation calculation method	Percentage (%)
Buildings	Straight-line	5
Building improvements	Daily straight-line	10 - 15
Equipment	Straight-line	20
Cars	Straight-line	20
Computers	Straight-line	33.33

Equipment consists of furniture, decoration, and office equipment.

4.10 Premises and equipment and depreciation (cont.)

The calculation methods for depreciation, useful life and residual value of the assets are reviewed at least at the end of every accounting year and are adjusted as deemed appropriate.

Depreciation is taken into account in the calculation of operating results. The Company does not calculate depreciation for property and work in process.

Premises and equipment are written off upon disposal or when no economic benefits expected from the use or disposal in future. Profit or loss from asset disposal (difference between net consideration received from disposal of the asset and book value thereof) will be recognized in profit or loss in the statements of profit or loss and other comprehensive income.

4.11 Intangible assets and amortization

Intangible assets, which consist of computer software, are stated at cost less accumulated amortization and allowance for impairment (if any).

Intangible assets with finite useful live are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization and allowance for impairment losses are recognized as expenses in profit or loss in the statement of profit or loss and other comprehensive income.

Intangible assets with finite useful live have useful lives of approximately five years and no amortization is provided for work in process.

4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of its assets whenever events or changes in circumstances indicate that the assets may be impaired. If there is any indication thereof, an impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

The Company recognizes impairment losses in profit or loss in the statements of profit or loss and other comprehensive income. In the assessment of asset impairment, if there is any indication that impairment loss previously recognized may have decreased or may no longer exist, the Company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined. If no impairment loss has been recognized for the asset in prior years, it is to be reversed immediately in profit or loss.

4.13 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.14 Corporate income tax

Income tax expense comprises of current tax corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Prior to December 12, 2019 (FIDF) held 99.50% of the Company's shares with voting rights, and the Company thus met the criteria for tax exemption on net profit earned from management of non-performing assets acquired or transferred from financial institutions under Royal Decree (No. 362) B.E. 2542 issued under the Revenue Code regarding tax exemption.

The Company has corporate income tax from the non-exempted income which is not generated from the Company's management of asset. The consists of dividend income, interest income from cash at financial institutions, and income from disposal of operating assets, computed expenses on an allocation basis and tax rate is 20%.

On December 12, 2019 the Company listed its shares on the Stock Exchange of Thailand (SET) and it made an initial public offering (IPO) of shares, which resulted in a change in the shareholding of the FIDF to 41.46%. Consequently, the Company became ineligible for the exemption from corporate income tax, and corporate income tax has had to be paid on net income from its operations at the normal rate.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognizes deferred tax liabilities for all taxable temporary differences and recognizes deferred tax assets for such differences to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to all or part of the deferred tax asset to be utilized.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the provident fund are recognized as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate fund and the Company's contributions are recognized as expenses when incurred.

Defined benefit plans

The Company has obligations in respect of the severance payments it must make to employees upon termination under labor law. Before the date change of shareholding, the Company has obligations in respect of severance payment it must make to employees upon their employment termination in accordance with the notification of the State Enterprise Labor Relations Committee on minimum standards of employment conditions in state enterprises. However, The Company's status change from state enterprise to private has no effect with obligations in liabilities in respect of the payment to employees and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, such as leave days that can be carried forward to the following year.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognized immediately in other comprehensive income and actuarial gains and losses arising from other long-term benefits are recognized immediately in profit or loss.

4.16 Provisions

Provisions are recognized in the statement of financial position when the Company has a present obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions recognized in the statement of financial position include provisions for post-employment benefits, contingent liabilities as a result of litigation, and other provisions.

Provisions are recorded as other operating expenses and as provisions in the statement of financial position. The Company reviews provisions regularly and records changes in provisions by increasing or decreasing other operating expenses.

4.17 Building and equipment lease contracts

Leases of buildings and equipment which do not transfer substantially all the risks and rewards of ownership to the lessee are regarded as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximizes the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

Fair value hierarchy for measurement and disclosure of assets and liabilities into three levels based on type of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.19 Operating segment information

Operating segment information as reported to the Company's Board of Directors, who is the chief operating decision maker presents items directly generated from such operating segment as well as items reasonably allocated. Items that cannot be allocated are included in others-/not allocated. Most of unallocated items are assets, such as cash, cash at financial institutions, promises and equipment, intangible assets, and other asset. Items that are liabilities are provisions and other liabilities. Income items are interest income from cash at financial institutions and other income, while expense items are other operating expenses and income tax expenses.

5. Significant Accounting Judgements and Estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

5.1 Recognition of interest income from loans purchased

The Company uses individual rates of return in calculating interest income from credit for purchase of receivables for debtors who entered into debt restructuring agreements. In calculating the individual rate of return, management is required to exercise judgement to consider various factors such as the cash flows expected to be received from each debtor with reference to the debt restructuring or compromise agreement, costs of receivables that the Company pays, debtors' capability to comply with the debt restructuring or compromise agreement, payment receipt schedule, and overall economic conditions. Changes in projected cash flows to be received as a result of, for example, debtors' failure to settle debts in accordance with the agreement, debtors' requests for amendments to the debt restructuring agreement, or the Company's termination of the debt restructuring agreement due to debtors' failure to comply with the debt restructuring agreement, affects the Company's recognition of income during the year.

5.2 Recognition and derecognition of assets and liabilities

In considering whether to recognize or to derecognize assets or liabilities, the management is required to exercise judgement on significant risk and rewards of those assets or liabilities have been transferred, based on the best knowledge of the current events and arrangements.

5.3 Allowance for doubtful accounts for loans purchased

Allowance for doubtful accounts for loans purchased arises from adjustments for loans purchased due to potential credit risks. The management uses criteria for setting up allowance for doubtful accounts in accordance with those of the Bank of Thailand in conjunction with exercise judgement to estimation the losses expected to be incurred when debtors have difficulty principal and interest payments based on analysis of each debtor's status, the probability of default, collateral value, and economic conditions.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, uses a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognized in the statement of financial position and disclosures of fair value hierarchy.

5.5 Allowance for impairment of investment in securities

The Company treats available-for-sale investments and other investments as impaired when there has been an objective evidence of impairment exists. The determination whether impairment exists requires judgement of the management.

5.6 Allowance for impairment of properties for sale

The Company determines allowance for impairment of properties for sale when the recoverable amount of properties for sale is lower than the carrying amount. The management exercise judgement to estimates losses from impairment based on the latest estimated price, the type and nature of assets.

5.7 Depreciation

In determining depreciation of premises, the management is required to estimates the useful lives and residual values of premises and review the estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a period basis and to record the impairment losses that the recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets.

5.8 Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing.

5.9 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.10 Provisions for litigation case

The Company has contingent liabilities as a result of litigation. The Company's management has exercises judgement to assess of the results of the litigation. If the management ensure that no loss will result, no contingent liabilities are recorded.

5.11 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement regarding significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

6. Basic Earnings per Share

Basic earnings per share is calculated by dividing profit for the year attributable to Company's shareholders (excluding other comprehensive income) by the weighted average number of issued ordinary shares issue for the year.

7. Financial Instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, cash at financial institutions, investment in securities, loans purchased, installment sale receivables, accrued income from auction sale, and debt issued and borrowings. The Company financial risks and management associated with these financial instruments is described below.

7.1 Risk management

The Company's risk management covers all key risks. These are classified into four categories, namely strategic risk, operational risk, financial risk and compliance risk, so that it can establish approaches or tools for efficient risk management, as follows;

7.1.1 Strategic risk

This is the risk that unsuitable strategic plans or strategies inconsistent with internal and external circumstances that may adversely affect the achievement of organizational goals in accordance with strategic/operational plans set by the Company and also have an impact on its income, financial position, competitiveness and business sustainability.

7.1.2 Operational risk

This is the risk that could incur losses as a result of inadequate corporate governance and internal controls, which may be related to internal functional processes, personnel, work systems, or external events that affect the Company's income and financial position.

7.1.3 Financial risk

a) Liquidity risk

This is the risks that the Company will be unable to pay debts and meet obligations when due, because of inability to timely convert assets into cash when settlement is due, obtain sufficient funds to meet the funding needs, or is able to obtain funds but at the cost that is beyond an acceptable level. These risks may affect the Company's income and financial position.

Tools for managing liquidity risks

The Company has established a policy for management of liquidity, control of liquidity risk ceilings at acceptable levels, which stipulates the tools to be used for monitoring and controlling liquidity risk by the relevant management personnel and committees, namely the Assets and Liabilities Management Committee and Risk Management Committee. The tools used for liquidity risk management include estimation of the cash inflows and outflows to assess the liquidity gap for various periods of time, analysis of key financial ratios and stress tests for financial liquidity.

Furthermore, the Company has laid down guidelines for the preparation of a contingency funding plan for normal and emergency situations to ensure timely access to adequate funds and cash flow in the event of a liquidity crisis.

Tools for managing liquidity risks (cont.)

Maturity dates of financial tools from the dates in the statements of financial position as of December 31, 2019 and 2018 are as below:

Unit : Million Baht

	2019				
	At call	Less than 1 year	More than 1 year	Not specified	Total
Financial assets					
Cash	4.71	-	-	-	4.71
Cash at financial institutions	1,378.71	0.20	-	-	1,378.91
Investment in securities	-	-	-	482.75	482.75
Loans purchased *	77,791.46	1,679.55	4,150.54	-	83,621.55
Installment sale receivables	166.22	597.26	778.29	-	1,541.77
Accrued income from auction sale	-	-	-	9,595.61	9,595.61
Financial liabilities					
Debt issued and borrowings	-	20,236.97	55,450.55	-	75,687.52

Unit : Million Baht

	2018				
	At call	Less than 1 year	More than 1 year	Not specified	Total
Financial assets					
Cash	3.61	-	-	-	3.61
Cash at financial institutions	731.56	300.24	-	-	1,031.80
Investment in securities	-	-	-	482.76	482.76
Loans purchased *	76,631.00	1,599.45	3,488.54	-	81,718.99
Installment sale receivables	41.54	691.11	720.19	-	1,452.84
Accrued income from auction sale	-	-	-	7,115.45	7,115.45
Financial liabilities					
Debt issued and borrowings	-	19,045.33	38,663.95	-	57,709.28

* The amount due of loans purchased that have not undergone debt restructuring and those that are under debt restructuring but classified as Class 3 - Substandard, Class 4 - Doubtful and Class 5 - Doubtful of Loss is classified as at call. Meanwhile, the loans purchased which have undergone debt restructuring and are classified as Class 1 - Pass and Class 2 - Special Mention are presented with reference to debt restructuring agreement. However, the amount to be received by the company under the agreement is in accordance with the right to demand payment, which will be higher than or equal to the amount of loans purchased. The Company has thus presented the amount to be received at not exceeding the cost of the receivables.

b) Credit risk

Credit risks for asset management companies (AMC) whose revenues do not arise from extending loan facilities to clients, but from management and disposal of NPLs/NPAs, are mainly asset quality risks.

Tools for managing asset quality risks

- The Company determines prices for NPLs NPAs based on NPLs NPAs related factors comprising debtor status/track record, indebtedness, quality of collateral security, quality of properties for sale, and such external environment as competition and economic conditions etc., to estimate income from debt collection and disposal of such assets.
- The Company manages debtors under debt restructuring agreements who may not be able to settle debts as agreed upon or under the conditions set forth. The Company considers and reviews the debt settlement capability of each debtor with an aging system in place to give early warning before debtor's default of payment. In case debtor in default of payment shall be subject to legal proceeding as specified. This aims to reduce risks associated with debtors who cannot perform their obligations under the debt restructuring agreements.

Possible maximum risk exposure

Maximum value of credit risks will come from a combination of book value of loans purchased and installment sale receivables, deducted by allowance for doubtful accounts and allowance for impairment loss as presented in the statement of the financial position.

c) Market risk

Market risks are risks arising from changes in market prices. The Company may be at risk of damage caused by changes in interest rates and securities prices which affect its investment position. In addition, as the Company's business focuses on management of NPAs, market risks also include risks arising from changes in market price of collateral assets of debtors.

1) Interest rate risk

Interest rate risk is risk arising from changes in the value of financial instruments, both financial assets and liabilities, in line with changing trends in market interest rates, as below:

Financial assets and liabilities classified by type of interest rate of December 31, 2019 and 2018, are as follows:

c) Market risk (cont.)

1) Interest rate risk (cont.)

Unit : Million Baht

	2019			
	Floating interest rates	Fixed interest rates	No interest	Total
Financial assets				
Cash	-	-	4.71	4.71
Cash at financial institutions	1,302.55	0.20	76.16	1,378.91
Investment in securities	-	-	482.75	482.75
Loans purchased	8,911.70	74,709.85	-	83,621.55
Installment sale receivables	1,348.77	193.00	-	1,541.77
Accrued income from auction sale	-	-	9,595.61	9,595.61
Financial liabilities				
Debt issued and borrowings	25,469.90	47,871.31	2,346.31	75,687.52

Unit : Million Baht

	2018			
	Floating interest rates	Fixed interest rates	No interest	Total
Financial assets				
Cash	-	-	3.61	3.61
Cash at financial institutions	669.71	300.24	61.85	1,031.80
Investment in securities	-	-	482.76	482.76
Loans purchased	7,875.77	73,843.22	-	81,718.99
Installment sale receivables	1,258.67	194.17	-	1,452.84
Accrued income from auction sale	-	-	7,115.45	7,115.45
Financial liabilities				
Debt issued and borrowings	16,675.70	37,604.35	3,429.23	57,709.28

c) Market risk (cont.)

1) Interest rate risk (cont.)

Financial instruments that carry fixed interest rates, the repricing date or the maturity date (whichever is earlier) from the date in the statements of financial position are as follows:

Unit : Million Baht

	2019						
	Period of determining new interest rate or maturity date					Total	Interest rate Percentage
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Cash at financial institutions	-	0.20	-	-	-	0.20	0.60
Loans purchased *	74,709.85	-	-	-	-	74,709.85	-
Installment sale receivables	-	-	24.09	168.91	-	193.00	6.00
Financial liabilities							
Debt issued and borrowings	-	601.05	2,602.93	22,726.47	21,940.86	47,871.31	2.25 - 4.30

* The Company does not make any recognition of interest income from loans purchased without debt restructuring. Payment received from the debtor will be used to deduct principal debt in full. Difference of the amount received, which is higher, and the cost of loans purchased will be presented as gain on loans purchased.

Unit : Million Baht

	2018						
	Period of determining new interest rate or maturity date					Total	Interest rate %
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Cash at financial institutions	-	300.24	-	-	-	300.24	0.85 - 1.30
Loans purchased *	73,843.22	-	-	-	-	73,843.22	-
Installment sale receivables	-	-	-	194.17	-	194.17	6.00 - 7.20
Financial liabilities							
Debt issued and borrowings	-	4,620.69	5,091.46	14,041.12	13,851.08	37,604.35	2.03 - 4.30

* The Company does not make any recognition of interest income from loans purchased without debt restructuring. Payment received from the debtor will be used to deduct principal debt in full. Difference of the amount received, which is higher, and the cost of loans purchased will be presented as gain on loans purchased.

c) Market risk (cont.)

1) Interest rate risk (cont.)

In addition, the Company had financial assets/liabilities which generated income and expenses incurred. The average balances of which are calculated by averaging from interim balances of financial assets and liabilities and average income and expenses for years ended December 31, 2019 and 2018, are as follows:

Unit : Million Baht

	2019		
	Average balance	Income/Expenses	Average rate (percentage) per year
Income-generating financial assets			
Cash	5.62	-	-
Cash at financial institutions	1,470.29	15.60	1.06
Investment in securities	2,227.17	75.67	3.40
Loans purchased	76,577.25	8,968.44	11.71
Installment sale receivables	677.77	201.58	29.74
Expense-incurring financial liabilities			
Debt issued and borrowings	68,978.65	2,132.38	3.09

Unit : Million Baht

	2018		
	Average balance	Income/Expenses	Average rate (percentage) per year
Income-generating financial assets			
Cash	5.06	-	-
Cash at financial institutions	1,564.76	10.33	0.66
Investment in securities	431.64	10.39	2.41
Loans purchased	74,753.55	6,295.17	8.42
Installment sale receivables	659.77	204.40	30.98
Expense-incurring financial liabilities			
Debt issued and borrowings	59,050.41	1,769.41	3.00

c) Market risk (cont.)

2) Risk from changes in market prices of equity instruments

This is the risk that changes in the prices of equity securities or equity shares will result in changes in the value of equity instruments and may trigger fluctuations in income or the current and future values of the Company's financial assets.

However, The Company's investments in securities are mostly in securities or shares transferred for debt settlement, or those allowing debtors to exercise buyback rights, not securities in trading portfolio. Even though securities prices fluctuate fluctuations market prices in each period, the Company has no policy to hold such securities for profit speculation. It gradually disposes of such securities under criteria and conditions that are in place to ensure appropriate disposal of the securities in each period and follows up to recognize the mark-to-market value of investments in securities at the end of each accounting period.

3) Risk from changes in market prices of collateral assets

Risk from changes in market prices of collateral assets refers to risk arising from changes in market prices of collateral assets of debtors. Such risk is that changes in value of asset in line with market conditions leading to income increase or decrease. The Company considers the appraisal prices determined by the Bank of Thailand and reviews the valuation prices of collateral that are NPAs every three years or when relevant circumstances change significantly. Also, allowance for doubtful accounts for loans purchased is adequately set aside to accommodate any possible losses from depreciation or impairment of collaterals that are NPAs.

7.1.4 Compliance Risk

These are risks arising from failure to comply with the laws, rules, regulations, standards, orders and guidelines applicable to the Company's transactions, which may cause financial damage or lead to legal action or damage to the Company's reputation and image.

8. Additional Information

8.1 Cash

Unit : Million Baht

	2019	2018
Cash	4.71	3.61
Total	4.71	3.61

As at December 31, 2019 and 2018, cash and cash equivalent items disclosed in the statement of cash flows were as below:

Unit : Million Baht

	2019	2018
Cash	4.71	3.61
Deposits in transit	8.55	9.89
Deposits at domestic banks		
Current and saving deposits	1,370.04	1,021.61
Fixed deposits	0.20	0.20
Total cash and deposits at banks	1,383.50	1,035.31
Less Deposits under guarantee obligation	(3.69)	(3.74)
Cash and cash equivalent items	1,379.81	1,031.57

8.2 Cash at financial institutions

Unit : Million Baht

	2019	2018
Deposits in transit	8.55	9.89
Deposits at domestic banks		
Current and savings deposits	1,370.04	1,021.61
Fixed deposits	0.20	0.20
Accrued interest receivable	0.12	0.10
Total deposits at domestic banks	1,370.36	1,021.91
Total	1,378.91	1,031.80

8.2 Cash at financial institutions (cont.)

Unit : Million Baht

	2019		
Domestic	At call	Tenor	Total
Commercial banks	1,359.63	0.20	1,359.83
Specialized financial institutions	10.41	-	10.41
Total deposits	1,370.04	0.20	1,370.24
Accrued interest receivable	0.12	-	0.12
Total deposits at domestic banks	1,370.16	0.20	1,370.36

Unit : Million Baht

	2018		
Domestic	At call	Tenor	Total
Commercial banks	718.06	300.20	1,018.26
Specialized financial institutions	3.55	-	3.55
Total deposits	721.61	300.20	1,021.81
Accrued interest receivable	0.06	0.04	0.10
Total deposits at domestic banks	721.67	300.24	1,021.91

As at December 31, 2019, savings and fixed deposits carried interest rates of between 0.125% and 1.10% per annum (December 31, 2018 : from 0.125% to 1.30 % per annum). Furthermore, as at December 31, 2019, the Company had savings deposits of 3.69 million Bath for electricity use guarantee (December 31, 2018 : 3.74 million Baht).

8.3 Investment in securities - net

8.3.1 Classified by type investment

Unit : Million Baht

	2019		2018	
	Cost/ Amortized cost	Fair value	Cost Amortized cost	Fair value
Available-for-sale securities				
Domestic marketable equity securities	340.30	64.43	342.58	87.00
Warrant	-	0.45	-	1.15
Less Revaluation of investment in securities	(27.79)	-	(30.06)	-
Less Revaluation allowance	(81.28)	-	(58.02)	-
Less Allowance for impairment	(166.35)	-	(166.35)	-
Total	64.88	64.88	88.15	88.15
Held-to-maturity debt securities				
Private debt securities	49.70		49.70	
Less Revaluation of investment in securities	(49.70)		(49.70)	
Total	-		-	
General investment				
Non-marketable equity securities	715.37		715.37	
Less Revaluation of investment in securities	(545.13)		(545.13)	
Less Allowance for impairment	(164.94)		(164.45)	
Total	5.30		5.79	
Total investment in securities - net	70.18		93.94	

8.3 Investment in securities - net (cont.)

8.3.2 Classified by remaining maturity period

As at December 31, 2019 and 2018, investment in debt instruments classified by maturity period was as follows:

Unit : Million Baht

	2019 and 2018				
	At call	Not over 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities					
Private debt securities	49.70	-	-	-	49.70
Less Revaluation of investment in securities	(49.70)	-	-	-	(49.70)
Total debt securities	-	-	-	-	-

As at December 31, 2019 and 2018, the above investment in debt securities was transfer of debentures of a debtor from the Company upon which the Central Bankruptcy Court issued a receivership order in 2002. In 2008, the information showed that the debtor had a bankruptcy status. Thus, the net book value of investment in such company was equal to zero as from the acquisition date.

8.3.3 Investments in securities in which the Company has 10% or more shareholding

As at December 31, 2019 and 2018, investments in securities in which the Company has held 10% or more of the total shares sold, but not regarded as investments in subsidiaries or associated companies, can be classified by industrial sector as follows:

Unit : Million Baht

	2019	2018
Agriculture and mining	13.13	13.13
Manufacturing and commerce	63.19	63.19
Real estate and construction	10.02	10.02
Public utility and service	159.42	159.42
Financial intermediary	12.23	12.23
Total	257.99	257.99

8.3.3 Investments in securities in which the Company has 10% or more shareholding (cont.)

As at December 31, 2019 and 2018, domestic non-marketable equity securities which were classified as general investment of 715.37 million Baht and 715.37 million Baht respectively, included investment in ordinary shares of Rojthip Co., Ltd. at the cost of 0.95 million Baht (equal to a 99.94% shareholding by the Company). As the Company had no controlling power, either directly or indirectly, such investment was classified as general investment. Moreover, with Rojthip Co., Ltd. having investments in another 7 entities, the Company had total direct and indirect investment in 8 entities. However, as Rojthip Co., Ltd. and most companies in its group were under liquidation process, the Company set aside allowance for impairment of investment in full.

8.3.4 Capital surplus (deficit) from changes in investment value

As at December 31, 2019 and 2018, capital surplus (deficit) from changes in investment value and movements of capital surplus (deficit) from changes in investment value were as below:

Unit : Million Baht

	2019	2018
Capital surplus from changes in investment value		
Available-for-sale investment-equity securities	16.67	27.92
Total capital surplus from changes in investment value	16.67	27.92
Capital deficit from changes in investment value		
Available-for-sale investment-equity securities	(97.95)	(85.94)
Total capital deficit from changes in investment value	(97.95)	(85.94)
	(81.28)	(58.02)
Less Impact of deferred tax assets	16.26	-
Total capital deficit from change in investment value - net	(65.02)	(58.02)

Changes in capital surplus (deficit) from changes in investment value for the years ended December 31, 2019 and 2018, were as follows:

Unit : Million Baht

	2019	2018
Capital surplus (deficit) from changes in investment value		
Beginning balance of the year	(58.02)	(46.25)
Gain (loss) on valuation of investment during the year	(23.26)	(11.77)
Relevant income tax	(0.08)	-
Income tax expenses resulting from change in tax status of the business	16.34	-
Ending balance of the year	(65.02)	(58.02)

8.4 Loans purchased

Unit : Million Baht

	2019	2018
Loans purchased	83,621.55	81,718.99
Less Allowance for doubtful accounts	(6,246.89)	(6,285.05)
Loans purchased - net	77,374.66	75,433.94

Changes in loans purchased for the years ended December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	2019	2018
Loans purchased beginning balance	81,803.80	79,913.98
Add Additional purchase	12,810.44	10,971.26
Less Receipt of debt payment and adjustment - net	(10,907.88)	(9,081.44)
Balance of loans purchased before adjustment	83,706.36	81,803.80
Less Revaluation of loans purchased	(84.81)	(84.81)
Balance of loans purchased	83,621.55	81,718.99
Less Allowance for doubtful accounts	(6,246.89)	(6,285.05)
Loans purchased - net	77,374.66	75,433.94

During the year, the Company purchased right of claim for loans purchased from financial institutions in a total amount of 12,810.44 million Baht (December 31, 2018 : 10,971.26 million Baht).

As at December 31, 2019 and 2018, the Company had total loans purchased - net of 77,374.66 million Baht, and 75,433.94 million Baht, respectively, Meanwhile, the Company had the right of claim from debtors as specified under the agreements in a total of 468,831.07 million Baht, and 454,965.71 million Baht, respectively.

8.4.1 Allowance for doubtful accounts

As at December 31, 2019 and 2018, allowance for doubtful accounts of loans purchased was as below:

Unit : Million Baht

	2019	2018
Beginning balance	6,285.05	6,943.39
Write-off of bad debts	(172.78)	(496.15)
Addition/(Reversal) of allowance in this period	134.62	(162.19)
Total	6,246.89	6,285.05

Reconciliation of allowance for doubtful accounts, classified by loan classification, was as below:

Unit : Million Baht

	2019					
	Minimum Percentage according to BOT Criteria					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Beginning balance	184.35	40.89	140.76	0.55	5,918.50	6,285.05
Write-off of bad debts	-	-	-	-	(172.78)	(172.78)
Increase (Decrease) during the year	(76.09)	(22.96)	(39.69)	1.34	272.02	134.62
Ending balance	108.26	17.93	101.07	1.89	6,017.74	6,246.89

Unit : Million Baht

	2018					
	Minimum Percentage according to BOT Criteria					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Beginning balance	173.23	14.09	68.25	6.05	6,681.77	6,943.39
Write-off of bad debts	-	-	-	-	(496.15)	(496.15)
Increase (Decrease) during the year	11.12	26.80	72.51	(5.50)	(267.12)	(162.19)
Ending balance	184.35	40.89	140.76	0.55	5,918.50	6,285.05

8.4.2 Classified by currency and domicile of debtors

As at December 31, 2019 and 2018, the entire amount of loans purchased was loans purchased from other financial institutions. All debtors were debtors in Thai currency and having domiciled both domestically and abroad, details of which were as follows:

Unit : Million Baht

	2019			2018		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	83,597.22	24.33	83,621.55	81,694.66	24.33	81,718.99
Total	83,597.22	24.33	83,621.55	81,694.66	24.33	81,718.99

8.4.3 Classified by type of debtors and debtor classification

As at December 31, 2019 and 2018, loans purchased classified by type and classification were as below:

Unit : Million Baht

	2019					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Juristic persons	930.68	154.92	1,106.40	24.29	30,922.23	33,138.52
Individuals	3,715.52	1,028.97	1,524.63	52.03	44,161.88	50,483.03
Total	4,646.20	1,183.89	2,631.03	76.32	75,084.11	83,621.55

Unit : Million Baht

	2018					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Juristic persons	1,062.39	372.38	1,209.40	1.39	31,593.75	34,239.31
Individuals	2,915.29	737.93	1,215.25	15.98	42,595.23	47,479.68
Total	3,977.68	1,110.31	2,424.65	17.37	74,188.98	81,718.99

8.4.4 Debt restructuring

For the years ended December 31, 2019 and 2018, the Company entered into debt restructuring agreements of loans purchased in various forms, with details as below:

Unit : Million Baht

Debt restructuring form	2019				
	Number of debtors	Balance before debt restructuring	Balance after debt restructuring	Type of assets to be received from transfer under agreements	Value of assets to be received from transfer under agreements
Change in debt payment conditions	5,386	8,074.49	8,074.49		
Transfer of assets and or change in debt payment conditions	117	323.30	323.30	Empty land	82.02
				Machinery	2.44
				Ownership of condominium units	22.85
				Land and constructions	331.17
Total	5,503	8,397.79	8,397.79		438.48

Unit : Million Baht

Debt restructuring form	2018				
	Number of debtors	Balance before debt restructuring	Balance after debt restructuring	Type of assets to be received from transfer under agreements	Value of assets to be received from transfer under agreements
Change in debt payment conditions	5,495	11,831.00	11,831.00		
Transfer of assets and or change in debt payment conditions	86	325.91	325.91	Empty land	73.20
				Machinery	1.83
				Ownership of condominium units	13.71
				Land and constructions	298.40
Total	5,581	12,156.91	12,156.91		387.14

8.4.4 Debt restructuring (cont.)

Loans Purchase acquired from transfer under debt restructuring agreements during the years ended December 31, 2019 and 2018, had contractual terms counting from remaining tenor of debts as follows:

Unit : Million Baht

Period	2019		2018	
	Number of debtors	Balance after debt restructuring	Number of debtors	Balance after debt restructuring
- Default after agreement execution/termination	1,390	3,225.09	1,178	6,275.57
- Payment due				
Less than 5 years	3,187	4,184.95	3,440	4,927.01
5 - 10 years	844	894.26	829	805.68
More than 10 years	82	93.49	134	148.65
Total	5,503	8,397.79	5,581	12,156.91

Debtors with debt restructuring agreements for the years ended December 31, 2019 and 2018, classified by installment payment tenor according to debt restructuring agreements were as follows:

Unit : Million Baht

Installment payment tenor according to debt restructuring agreement	2019		2018	
	Number of debtors	Balance after debt restructuring	Number of debtors	Balance after debt restructuring
Less than 5 years	3,865	6,540.58	3,445	9,484.10
5 - 10 years	1,458	1,641.80	1,773	2,275.57
More than 10 years	180	215.41	363	397.24
Total	5,503	8,397.79	5,581	12,156.91

8.4.4 Debt restructuring (cont.)

Data for the years ended December 31, 2019 and 2018 regarding to loans purchased that have entered into debt restructuring as follows:

Unit : Million Baht

	2019	2018
Interest income from loans purchased	3,337.70	3,568.77
Cash received from loans purchased	5,849.37	6,385.77
Assets transferred from loans purchased	379.72	349.34
Revaluation of properties for sale obtained from transfer	161.04	110.38

The Company had outstanding balance of loans purchased after debt restricting at the years end as follows:

	Total debtors	
	2019	2018
Number of debtors (groups of debtors)	88,333	86,710
Outstanding balance of loans purchased (million Baht)	83,621.55	81,718.99

	Debtors with debt restructuring	
	2019	2018
Number of debtors (groups of debtors)	6,758	5,672
Number of debtors (debtors)	7,081	5,949

Unit : Million Baht

	2019	2018
Outstanding balance of loans purchased (group of debtors)	8,589.72	7,531.32
Outstanding balance of loans purchased (debtors)	8,911.70	7,875.77

As at December 31, 2019 and 2018, the Company had no outstanding obligations agreed as additional loans for debtors of loans purchased after debt restructuring.

8.4.5 Classified by classification type

As at December 31, 2019 and 2018, the Company had loans purchased that were classified debtors and relevant allowance for doubtful accounts based on criteria in notifications of BOT as follows:

Unit : Million Baht

	2019			
	Loans purchased	Loans after deduction of collateral	Rate applicable for allowance for doubtful accounts	Allowance for doubtful accounts
Pass *	4,646.20	105.62	100.00	108.26
Special mention *	1,183.89	17.83	100.00	17.93
Substandard	2,631.03	101.07	100.00	101.07
Doubtful	76.32	1.89	100.00	1.89
Doubtful of loss	75,084.11	6,017.74	100.00	6,017.74
Total	83,621.55	6,244.15		6,246.89

Unit : Million Baht

	2018			
	Loans purchased	Loans after deduction of collateral	Rate applicable for allowance for doubtful accounts	Allowance for doubtful accounts
Pass *	3,977.68	179.88	100.00	184.35
Special mention *	1,110.31	40.54	100.00	40.89
Substandard	2,424.65	140.76	100.00	140.76
Doubtful	17.37	0.55	100.00	0.55
Doubtful of loss	74,188.98	5,918.50	100.00	5,918.50
Total	81,718.99	6,280.23		6,285.05

* Allowance for doubtful accounts is calculated on the basis as mentioned in Note 4.5, which takes into account the present value of discounted cash flow from debt restructuring expected to be received in future.

8.4.6 Outstanding loans purchased on accrual basis and collateral value

As at December 31, 2019 and 2018, outstanding balances of loans purchased and collateral value, calculated based on the latest valuation prices after discounts, according to BOT's criteria, was as follows:

Unit : Million Baht

	2019			
	Debt amounts under original agreements (right obligations)	Loans purchased (equity obligations)	Collateral value before discount according to BOT's criteria *	Collateral value after discount according to BOT's criteria **
Loans purchased with debt restructuring				
- 0 - 1 month overdue	6,792.60	4,646.20	14,361.32	12,926.05
- Overdue over 1 - 3 months	2,054.16	1,183.89	3,733.88	3,360.49
- Overdue over 3 - 6 months	4,786.61	2,631.03	7,947.37	4,946.32
- Overdue over 6 months	1,138.06	128.60	1,223.48	760.23
Total	14,771.43	8,589.72	27,266.05	21,993.09
Loans purchased without debt restructuring	454,059.64	75,031.83	164,922.99	112,545.37
Total	454,059.64	75,031.83	164,922.99	112,545.37
Grand total	468,831.07	83,621.55	192,189.04	134,538.46

* This is calculated based on the appraisal price in accordance with the latest resolution of the committee on the appraisal price (notwithstanding the price having already been appraised for more than 3 years). If collateral has been put up for auction sale and has already been purchased, the bidding price less an expense estimate will be employed. Also, the collateral value will be based on the appraisal price before the debt on accrual basis between the Company and a debtor is considered and before the mortgage value is considered.

** This is calculated by the collateral value less discount according to BOT's criteria, and the collateral value shall not be used provided that the appraisal has occurred longer than 3 years from the date of the appraisal price approval. If collateral has been put up for auction sale and has already been purchased, the bidding price less an expense estimate will be employed. Also, the collateral value will be based on the appraisal price before the debt on accrual basis between the Company and a debtor is considered and before the mortgage value is considered.

8.4.6 Outstanding loans purchased on accrual basis and collateral value (cont.)

Unit : Million Baht

	2018			
	Debt amounts under original agreements (right obligations)	Loans purchased (equity obligations)	Collateral value before discount according to BOT's criteria *	Collateral value after discount according to BOT's criteria **
Loans purchased with debt restructuring				
- 0 - 1 month overdue	6,197.53	3,977.68	12,977.11	11,680.47
- Overdue over 1 - 3 months	2,127.53	1,110.31	3,641.25	3,277.21
- Overdue over 3 - 6 months	4,229.15	2,424.65	6,424.98	4,056.08
- Overdue over 6 months	61.71	18.68	85.48	51.41
Total	12,615.92	7,531.32	23,128.82	19,065.17
Loans purchased without debt restructuring	442,349.79	74,187.67	169,065.50	117,311.58
Total	442,349.79	74,187.67	169,065.50	117,311.58
Grand total	454,965.71	81,718.99	192,194.32	136,376.75

* This is calculated based on the appraisal price in accordance with the latest resolution of the committee on the appraisal price (notwithstanding the price having already been appraised for more than 3 years). If collateral has been put up for auction sale and has already been purchased, the bidding price less an expense estimate will be employed. Also, the collateral value will be based on the appraisal price before the debt on accrual basis between the Company and a debtor is considered and before the mortgage value is considered.

** This is calculated by the collateral value less discount according to BOT's criteria, and the collateral value shall not be used provided that the appraisal has occurred longer than 3 years from the date of the appraisal price approval. If collateral has been put up for auction sale and has already been purchased, the bidding price less an expense estimate will be employed. Also, the collateral value will be based on the appraisal price before the debt on accrual basis between the Company and a debtor is considered and before the mortgage value is considered.

8.5 Installment sale receivables

Unit : Million Baht

	2019	2018
Beginning balance of the year	1,452.84	1,164.80
Add Additional items during the year	473.75	670.03
Less Received during the year	(341.37)	(366.41)
Less Sale cancellation	(43.45)	(15.58)
Ending balance of the year	1,541.77	1,452.84
Less Deferred gross margin from installment sale receivables	(890.86)	(742.33)
Less Allowance for doubtful account - installment sale receivables	(1.76)	(2.21)
Installment sale receivables - net	649.15	708.30

As at December 31, 2019 and 2018, installment sale receivables classified by overdue period were as below:

Unit : Million Baht

	2019	2018
Overdue period		
Not overdue	733.63	797.30
Overdue 1 - 30 days	353.70	413.24
Overdue 31 - 90 days	288.22	200.76
Overdue 91 - 180 days	108.40	30.48
Overdue 181 days - 12 months	16.70	4.66
Overdue for more than 12 months	41.12	6.40
Total	1,541.77	1,452.84

8.5 Installment sale receivables (cont.)

8.5.1 Debt restructuring

During the years ended December 31, 2019 and 2018, the Company entered into debt restructuring agreements for installment sale receivables in various forms with details as below:

Unit : Million Baht

Debt restructuring form	2019		
	Number of debtors	Balance before debt restructuring	Balance after debt restructuring
Change in debt payment conditions	33	591.84	591.84
Total	33	591.84	591.84

Unit : Million Baht

Debt restructuring form	2018		
	Number of debtors	Balance before debt restructuring	Balance after debt restructuring
Change in debt payment conditions	54	581.67	581.67
Total	54	581.67	581.67

Installment sale receivables with debt restructuring agreements during the years ended December 31, 2019 and 2018 with contractual terms counting from remaining tenor of debts were as follows:

Unit : Million Baht

	2019		2018	
	Number of debtors	Balance after debt restructuring	Number of debtors	Balance after debt restructuring
- Account closed	7	19.10	14	1.46
- Payment due				
Less than 5 years	18	570.76	33	578.28
5 - 10 years	8	1.98	7	1.93
Total	33	591.84	54	581.67

8.5 Installment sale receivables (cont.)

8.5.1 Debt restructuring (cont.)

Installment sale receivables with debt restructuring for the years ended December 31, 2019 and 2018 were classified by installment payment period under the debt restructuring agreement as follows:

Unit : Million Baht

	2019		2018	
	Number of debtors	Balance after debt restructuring	Number of debtors	Balance after debt restructuring
Installment payment tenor according to debt restructuring agreement				
Less than 5 years	24	589.25	47	579.74
5 - 10 years	9	2.59	7	1.93
Total	33	591.84	54	581.67

Data for the years ended December 31, 2019 and 2018 regarding installment sale receivables with debt restructuring was as follows:

Unit : Million Baht

	2019	2018
Interest income from installment sale receivables	67.75	64.03
Gain on installment sales	48.40	14.28
Cash received from installment sale receivables	229.15	200.26

The Company had remaining installment sale receivables after debt restructuring at year-end as follows:

	Total debtors	
	2019	2018
Number of debtors (debtors)	2,123	1,734
Outstanding balance of installment sale receivables (million Baht)	1,541.77	1,452.84

	Debtors with debt restructuring	
	2019	2018
Number of debtors (debtors)	65	76
Outstanding balance of installment sale receivables (million Baht)	746.99	849.57

8.6 Properties for sale-net

Properties for sale consists of movable and immovable properties acquired from debt settlement by debtors and purchased from asset management companies and financial institutions, as follows:

Unit : Million Baht

	2019			
	Bid from financial institutions	Transfer of properties for debt repayment/ Bid from debtors	Branches not in operation	Total
Immovable properties				
Beginning balance	5,656.77	20,994.08	25.57	26,676.42
Increase	544.27	8,060.09	-	8,604.36
Decrease	(812.86)	(2,231.85)	-	(3,044.71)
Ending balance	5,388.18	26,822.32	25.57	32,236.07
Movable properties				
Beginning balance	3.97	343.54	-	347.51
Increase	-	4.69	-	4.69
Ending balance	3.97	348.23	-	352.20
Total ending balance	5,392.15	27,170.55	25.57	32,588.27
Less Revaluation of properties for sale				(8,191.28)
Less Allowance for impairment of properties for sale				(497.87)
Properties for sale - net				23,899.12

8.6 Properties for sale - net (cont.)

Unit: Million Baht

	2018			
	Bid from financial institutions	Transfer of properties for debt repayment/ Bid from debtors	Branches not in operation	Total
Immovable properties				
Beginning balance	5,391.46	17,475.17	-	22,866.63
Increase	1,117.06	5,914.09	25.57	7,056.72
Decrease	(851.75)	(2,395.18)	-	(3,246.93)
Ending balance	5,656.77	20,994.08	25.57	26,676.42
Movable properties				
Beginning balance	3.97	290.39	-	294.36
Increase	-	53.15	-	53.15
Ending balance	3.97	343.54	-	347.51
Total ending balance	5,660.74	21,337.62	25.57	27,023.93
Less Revaluation of properties foreclosed				(5,905.55)
Less Allowance for impairment of properties foreclosed				(522.56)
Properties foreclosed - net				20,595.82

As at December 31, 2019, the appraised values of the immovable and movable properties for sale was 54,647.36 million Baht and 422.06 million Baht, respectively (December 31, 2018: 48,024.43 million Baht and 458.21 million Baht respectively).

Properties for sale on the part appraised by an external appraisers and that by the internal appraised as at December 31, 2019 and 2018 were are follows:

Unit : Million Baht

	2019	2018
Appraised by external appraiser	29,059.56	23,911.56
Appraised by internal appraiser	3,528.71	3,112.37
Total	32,588.27	27,023.93

8.7 Accrued income from auction sale - net

Unit : Million Baht

	2019	2018
External buyers	7,377.97	5,463.42
Less Estimated auction sale expenses	(529.17)	(390.67)
External buyers - net	6,848.80	5,072.75
The Company as buyer	2,746.81	2,042.70
Accrued income from auction sale - net	9,595.61	7,115.45

As at December 31, 2019 and 2018, accrued income from auction sale classified by outstanding period was as follows:

Unit : Million Baht

	2019		
	External buyers *	The Company as buyer	Total
Overdue period			
Within 1 year	1,956.16	1,136.07	3,092.23
Over 1 year but not over 3 years	2,696.93	1,289.71	3,986.64
Over 3 years but not over 5 years	904.77	319.92	1,224.69
Over 5 years	1,820.11	1.11	1,821.22
Total	7,377.97	2,746.81	10,124.78

Unit : Million Baht

	2018		
	External buyers *	The Company as buyer	Total
Overdue period			
Within 1 year	1,550.51	1,161.14	2,711.65
Over 1 year but not over 3 years	2,073.94	814.30	2,888.24
Over 3 years but not over 5 years	758.92	66.18	825.10
Over 5 years	1,080.05	1.08	1,081.13
Total	5,463.42	2,042.70	7,506.12

* The Company will record accrued income from auction sale on the day when the buyer has made full payment to the Legal Execution Department.

8.8 Premises and equipment - net

Premises and equipment as at December 31, 2019 and 2018 consisted of:

Unit : Million Baht

	2019								
	Cost				Accumulated depreciation				
	Beginning balance	Increased/ Received from transfer	Disposed/ Transfer	Ending balance	Beginning balance	Depreciation	Disposed	Ending balance	Net book value
1. Land	778.20	8.96	-	787.16	-	-	-	-	787.16
2. Buildings	431.92	5.03	-	436.95	245.57	21.82	-	267.39	169.56
3. Building improvement	449.97	26.71	-	476.68	288.79	50.59	-	339.38	137.30
4. Equipment	611.39	83.72	25.63	669.48	486.00	60.06	25.63	520.43	149.05
5. Work in process	0.42	25.83	26.10	0.15	-	-	-	-	0.15
Total	2,271.90	150.25	51.73	2,370.42	1,020.36	132.47	25.63	1,127.20	1,243.22

Unit : Million Baht

	2018								
	Cost				Accumulated depreciation				
	Beginning balance	Increased/ Received from transfer	Disposed/ Transfer	Ending balance	Beginning balance	Depreciation	Disposed	Ending balance	Net book value
1. Land	780.03	20.79	22.62	778.20	-	-	-	-	778.20
2. Buildings	434.07	4.35	6.50	431.92	227.55	21.57	3.55	245.57	186.35
3. Building improvement	415.28	44.14	9.45	449.97	248.30	49.94	9.45	288.79	161.18
4. Equipment	619.17	33.42	41.20	611.39	461.37	65.83	41.20	486.00	125.39
5. Work in process	20.72	20.68	40.98	0.42	-	-	-	-	0.42
Total	2,269.27	123.38	120.75	2,271.90	937.22	137.34	54.20	1,020.36	1,251.54

As at December 31, 2019 and 2018, the Company had certain building improvement, equipment and vehicles which were fully depreciated but were still in use. The cost before deducting accumulated depreciation amounting to 519.65 million Baht and 395.91 million Baht, respectively.

During the year 2019, the Company has gain from disposal of fixed asset total 2.67 million Baht (2018 : 13.37 million Baht).

8.9 Intangible assets - net

Intangible assets as at December 31, 2019 and 2018 comprised:

Unit : Million Baht

	2019								
	Cost				Accumulated amortization				Net book value
	Beginning balance	Increased/ Received from transfer	Disposed/ Transfer	Ending balance	Beginning balance	Amortization	Disposed	Ending balance	
1. Computer software	74.47	9.01	-	83.48	62.34	5.75	-	68.09	15.39
2. Work in process	1.15	1.68	2.30	0.53	-	-	-	-	0.53
Total	75.62	10.69	2.30	84.01	62.34	5.75	-	68.09	15.92

Unit : Million Baht

	2018								
	Cost				Accumulated amortization				Net book value
	Beginning balance	Increased/ Received from transfer	Disposed/ Transfer	Ending balance	Beginning balance	Amortization	Disposed	Ending balance	
1. Computer software	69.02	5.45	-	74.47	58.37	3.97	-	62.34	12.13
2. Work in process	-	1.84	0.69	1.15	-	-	-	-	1.15
Total	69.02	7.29	0.69	75.62	58.37	3.97	-	62.34	13.28

As at December 31, 2019 and 2018, the Company had certain of intangible assets, which were fully amortized but are still in use. The cost before deducting accumulated amortization amounting to 51.05 million Baht and 50.77 million Baht, respectively.

8.10 Advance for expenses on asset acquisition and others

As at December 31, 2019 and 2018 were as below:

Unit : Million Baht

	2019	2018
Advance for expenses on asset acquisition	120.99	416.40
Deposit placed for asset acquisition	763.75	798.83
Income tax refund	0.31	0.34
Ownership transfer expenses	0.74	0.04
Maintenance fees and others	2.47	1.66
Total	888.26	1,217.27

8.11 Deferred tax assets

Deferred tax assets and deferred tax liabilities as of December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	2019	2018
Deferred tax assets	547.71	-
Deferred tax liabilities	(56.40)	-
Deferred tax assets - net	491.31	-

The movement of deferred tax assets and deferred tax liabilities during the year are as follows:

Unit: Million Baht

	Balance at beginning of the year	Items recognized in profit or loss	Items recognized in other comprehensive income	Balance at end of the year
Deferred tax assets				
Investment	-	71.81	16.26	88.07
Intsallment sale receivables	-	0.35	-	0.35
Properties foreclosed	-	165.93	-	165.93
Property, plant and equipment	-	40.63	-	40.63
Provisions	-	192.82	17.64	210.46
Other liabilities	-	42.27	-	42.27
Total	-	513.81	33.90	547.71
Deferred tax liabilities				
Debt issued and borrowings	-	(45.24)	-	(45.24)
Others	-	(11.16)	-	(11.16)
Total	-	(56.40)	-	(56.40)
Deferred tax assets - net	-	457.41	33.90	491.31

Prior to December 12, 2019, the balances of deferred tax assets and deferred tax liabilities were zero because the Company was exempted from corporate income tax under Royal Decree (No. 362) B.E. 2542 issued under the Revenue Code regarding tax exemption, which states that asset management companies in which the Financial Institutions Development Fund (FIDF) holds not less than 95% shareholding shall be exempted from corporate income tax on net profits.

8.11 Deferred tax assets (Cont.)

On December 12, 2019, the Company listed its shares on the Stock Exchange of Thailand (SET) and it made an initial public offering (IPO), as a result of which the shareholding of FIDF has decreased and the Company is no longer exempted from corporate income tax. Therefore, from December 12, 2019 to the end of the year, corporate income tax has to be paid on the Company's net income at the normal rate and the Company has had deferred tax assets and deferred tax liabilities.

a) Deferred tax assets – net recorded in the Company's statement of financial position as at December 31, 2019 total 491.31 million Baht, consist of 207.89 million Baht relating to provision for retirement benefit and other benefit, 165.93 million Baht relating to allowance for impairment of property for sale and 117.49 million Baht relating to other matters. In the past and up to December 31, 2019, the Company evaluated that there was a high degree of certainty that the Company would be able to utilize these deductible temporary differences as deductions from profit for tax purposes, in order to reduce corporate income tax income tax in the future. The Company, therefore, recognized them as assets in the statement of financial position. The ability to utilize this benefit in the future depends on the Company having sufficient profits, the Company having taken the steps needed to enable the deduction of the expenses in accordance with tax regulations, and the temporary differences not being disputed or tax assessment made by the Revenue Department.

b) The Company has deferred tax benefits totaling 5,877.77 million Baht that are not recognized as assets in the statements of financial position relating to temporary differences in provision for bad debt and interest income recognition. For the past and up to December 11, 2019 (the last day that the company was not subject to corporate income tax) the Company evaluated that there was uncertainty about future utilization of the related benefit, because of a large amount of historical data and documents. Therefore, for reasons of conservations, the Company did not recognize this amount as an asset in the statement of financial position. The Company will gradually recognize these benefits in the future, when the Company considers that the uncertainty has diminished, which will be when the Company is able to deduct temporary differences in its determination of profit for tax purposes, in order to actually decrease its corporate income tax obligation. The Company expects to be able to gradually do this over the years 2020-2030, which is the period that the Company expects to be able to recognize the benefits.

8.12 Other assets

Other assets as at December 31, 2019 and 2018 were as below:

Unit : Million Baht

	2019	2018
Prepaid expenses and deferred expenses	34.15	57.11
Accrued income, interest and dividend receivable	47.73	36.20
Advance for litigation expenses	30.43	18.91
Employee welfare receivables	51.14	58.43
Others	15.16	17.40
Total	178.61	188.05

During the year 2019, the Company have prepaid expense and deferred expense decreased amount of 22.96 million Baht and cash flows decreased amount of 95.23 million Baht because there was decreased in prepaid expense from the change of other asset amount of 11.29 million Baht and expense incurred in the period such as deferred interest expense amount of 59.90 million Baht, notes payable aval fee amount of 9.59 million Baht, credit facility fee of borrowings amount of 1.34 million Baht, and debenture issue expenses amount of 12.73 million Baht (As Note to financial statements No.8.30.4) and increased in accrued income amount of 11.53 million Baht (December 31, 2018: decreased amount 0.11 million Baht).

8.13 Classified assets asset quality

As at December 31, 2019 and 2018, the Company's classified assets consisted of investment in securities, loans purchased, installment sale receivables, and properties for sale which were classified according to the Bank of Thailand criteria, including analysis of debtors of each type and assessment of each debtor's status, as follows:

Unit : Million Baht

	2019				
	Investment in securities	Loans purchased	Installment sale receivables	Properties for sale	Total
Pass	-	4,646.20	1,087.33	-	5,733.53
Special mention	-	1,183.89	288.22	-	1,472.11
Substandard	-	2,631.03	108.40	-	2,739.43
Doubtful	-	76.32	16.70	-	93.02
Doubtful of loss	429.24	75,084.11	41.12	497.87	76,052.34
Total	429.24	83,621.55	1,541.77	497.87	86,090.43

Unit : Million Baht

	2018				
	Investment in securities	Loans purchased	Installment sale receivables	Properties for sale	Total
Pass	-	3,977.68	1,210.54	-	5,188.22
Special mention	-	1,110.31	200.76	-	1,311.07
Substandard	-	2,424.65	30.48	-	2,455.13
Doubtful	-	17.37	4.66	-	22.03
Doubtful of loss	416.74	74,188.98	6.40	522.56	75,134.68
Total	416.74	81,718.99	1,452.84	522.56	84,111.13

8.14 Debt issued and borrowings

As at December 31, 2019 and 2018, notes payable, borrowings and debentures classified by type and term were as follows:

Unit : Million Baht

	2019			
	Beginning balance	Increase	Decrease	Ending balance
Notes payable				
Short term	2,281.40	4,928.53	6,505.66	704.27
Long term	2,259.39	732.63	630.71	2,361.31
Total	4,540.79	5,661.16	7,136.37	3,065.58
Less Deferred interest expense	(220.40)	(65.70)	(59.90)	(226.20)
Notes payable aval expense	(7.79)	(4.41)	(9.59)	(2.61)
Total notes payable	4,312.60	5,591.05	7,066.88	2,836.77
Borrowings				
Short term	9,547.45	61,459.61	52,266.74	18,740.32
Long term	11,686.44	10,247.33	12,740.14	9,193.63
Total	21,233.89	71,706.94	65,006.88	27,933.95
Less Deferred credit fee	(1.65)	-	(1.34)	(0.31)
Total borrowings	21,232.24	71,706.94	65,005.54	27,933.64
Total notes payable and borrowings	25,544.84	77,297.99	72,072.42	30,770.41
Debentures				
Short term	7,230.00	800.00	7,230.00	800.00
Long term	24,970.00	20,000.00	800.00	44,170.00
Total	32,200.00	20,800.00	8,030.00	44,970.00
Less Debenture issue expense	(35.56)	(30.06)	(12.73)	(52.89)
Total debentures	32,164.44	20,769.94	8,017.27	44,917.11
Grand total	57,709.28	98,067.93	80,089.69	75,687.52

8.14 Debt issued and borrowings (cont.)

Unit : Million Baht

	2018			
	Beginning balance	Increase	Decrease	Ending balance
Notes payable				
Short term	2,534.22	4,736.40	4,989.22	2,281.40
Long term	2,163.99	1,355.13	1,259.73	2,259.39
Total	4,698.21	6,091.53	6,248.95	4,540.79
Less Deferred interest expense	(138.27)	(113.19)	(31.06)	(220.40)
Notes payable aval expense	(24.81)	-	(17.02)	(7.79)
Total notes payable	4,535.13	5,978.34	6,200.87	4,312.60
Borrowings				
Short term	10,812.47	15,586.30	16,851.32	9,547.45
Long term	10,761.22	16,430.55	15,505.33	11,686.44
Total	21,573.69	32,016.85	32,356.65	21,233.89
Less Deferred credit fee	(2.99)	-	(1.34)	(1.65)
Total borrowings	21,570.70	32,016.85	32,355.31	21,232.24
Total notes payable and borrowings	26,105.83	37,995.19	38,556.18	25,544.84
Debentures				
Short term	6,600.00	7,230.00	6,600.00	7,230.00
Long term	24,200.00	8,000.00	7,230.00	24,970.00
Total	30,800.00	15,230.00	13,830.00	32,200.00
Less Debenture issue expense	(37.36)	(12.66)	(14.46)	(35.56)
Total debentures	30,762.64	15,217.34	13,815.54	32,164.44
Grand total	56,868.47	53,212.53	52,371.72	57,709.28

8.14 Debt issued and borrowings (cont.)

As at December 31, 2019 and 2018, the Company had notes payable and borrowings with interest rates (percentage), maturity dates and interest payment as follows:

	2019		
	Interest rate (%)	Maturity date	Interest payment
Notes payable			
Short term	0 - 2.25	2020	Interest payment upon maturity
Long term	0 - 0.86	2021 - 2026	Interest payment upon maturity
Borrowings			
Short term	1.95 - 3.76	2020	Interest payment every month-end/upon maturity every 3 months every 6 months
Long term	2.65 - 3.76	2021 - 2023	Interest payment every month-end/upon maturity every 3 months every 6 months

	2018		
	Interest rate (%)	Maturity date	Interest payment
Notes payable			
Short term	0 - 2.30	2019	Interest payment upon maturity
Long term	0 - 2.25	2020 - 2026	Interest payment upon maturity
Borrowings			
Short term	2.70 - 3.55	2019	Interest payment every month-end/upon maturity every 3 months every 6 months
Long term	2.70 - 3.55	2020 - 2023	Interest payment every month-end/upon maturity every 3 months every 6 months

8.14 Debt issued and borrowings (cont.)

As at December 31, 2019 and 2018, the Company had name-registered, non-subordinated, unsecured debentures, with no debenture holders' representative, issued with a par value of 1,000.00 Bath of per unit, comprising:

2019							
Series	No.	Number issued (million units)	Amount issued (million Baht)	Issuance date	Maturity period	Redemption date	Interest rate (% p.a.)
1/2016	3	1.10	1,100.00	December 22, 2016	7 years	December 22, 2023	3.79
1/2017	2	0.80	800.00	June 23, 2017	3 years	June 23, 2020	2.38
1/2017	3	1.40	1,400.00	June 23, 2017	5 years	June 23, 2022	3.41
1/2017	4	1.40	1,400.00	June 23, 2017	7 years	June 23, 2024	3.64
1/2017	5	1.50	1,500.00	June 23, 2017	10 years	June 23, 2027	3.92
2/2017	2	1.00	1,000.00	September 8, 2017	4 years	September 8, 2021	2.53
2/2017	3	3.80	3,800.00	September 8, 2017	6 years	September 8, 2023	3.44
2/2017	4	3.20	3,200.00	September 8, 2017	8 years	September 8, 2025	3.73
2/2017	5	5.00	5,000.00	September 8, 2017	10 years	September 8, 2027	3.91
1/2018	2	3.00	3,000.00	June 21, 2018	3 years	June 21, 2021	2.50
1/2018	3	0.37	370.00	June 21, 2018	7 years	June 21, 2025	3.88
1/2018	4	2.40	2,400.00	June 21, 2018	10 years	June 21, 2028	4.30
1/2019	1	3.00	3,000.00	July 18, 2019	1 year 6 months	January 18, 2021	2.30
1/2019	2	3.00	3,000.00	July 18, 2019	3 years	July 18, 2022	2.45
1/2019	3	4.50	4,500.00	July 18, 2019	5 years	July 18, 2024	2.90
1/2019	4	5.00	5,000.00	July 18, 2019	10 years	July 18, 2029	3.60
1/2019	5	3.50	3,500.00	July 18, 2019	12 years	July 18, 2031	3.78
1/2019	6	1.00	1,000.00	July 18, 2019	15 years	July 18, 2034	3.92
			44,970.00				

8.14 Debt issued and borrowings (cont.)

2018							
Series	No.	Number issued (million units)	Amount issued (million Baht)	Issuance date	Maturity period	Redemption date	Interest rate (% p.a.)
1/2016	2	1.00	1,000.00	December 22, 2016	3 years	December 22, 2019	2.71
1/2016	3	1.10	1,100.00	December 22, 2016	7 years	December 22, 2023	3.79
1/2017	2	0.80	800.00	June 23, 2017	3 years	June 23, 2020	2.38
1/2017	3	1.40	1,400.00	June 23, 2017	5 years	June 23, 2022	3.41
1/2017	4	1.40	1,400.00	June 23, 2017	7 years	June 23, 2024	3.64
1/2017	5	1.50	1,500.00	June 23, 2017	10 years	June 23, 2027	3.92
2/2017	1	4.00	4,000.00	September 8, 2017	1 year 6 months	March 8, 2019	2.03
2/2017	2	1.00	1,000.00	September 8, 2017	4 years	September 8, 2021	2.53
2/2017	3	3.80	3,800.00	September 8, 2017	6 years	September 8, 2023	3.44
2/2017	4	3.20	3,200.00	September 8, 2017	8 years	September 8, 2025	3.73
2/2017	5	5.00	5,000.00	September 8, 2017	10 years	September 8, 2027	3.91
1/2018	1	2.23	2,230.00	June 21, 2018	1 year 6 months	December 21, 2019	2.18
1/2018	2	3.00	3,000.00	June 21, 2018	3 years	June 21, 2021	2.50
1/2018	3	0.37	370.00	June 21, 2018	7 years	June 21, 2025	3.88
1/2018	4	2.40	2,400.00	June 21, 2018	10 years	June 21, 2028	4.30
			32,200.00				

8.15 Accrued interest payable

Unit : Million Baht

	2019	2018
Promissory notes	7.12	4.14
Borrowings	51.73	53.77
Debentures	445.39	187.45
Total	504.24	245.36

8.16 Provisions

As at December 31, 2019 and 2018, provisions consisted of:

Unit : Million Baht

	2019	2018
Provisions for employee benefits	1,026.86	744.05
Provisions for litigation cases	25.47	25.47
Total	1,052.33	769.52

8.16.1 Provisions for employee benefits

Provisions for long-term employee benefits which are the severance payments for employees upon retirement as below:

Unit : Million Baht

	2019	2018
Provisions for long-term employee benefits in beginning of the year	744.05	726.29
Recognized to profit or loss:		
Current service cost	60.31	44.81
Interest cost	27.16	21.28
Historical service cost and gain or loss arised form		
Benefit payment	0.05	-
Changes in benefit plan	243.95	-
Recognized to other comprehensive profit or loss:		
(Gain) Loss by actuarial estimates		
Portion arising from change in demographic assumptions	7.02	-
Portion arising from change in financial assumptions	13.78	-
Benefit paid during the period	(69.46)	(48.33)
Provisions for long-term employee benefits in ending of the year	1,026.86	744.05

On September 26, 2019, the State Enterprise Labor Relations Act (No. 4) published in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of 243.95 million Baht as a result. The Company recorded the effect of the change by recognizing past service costs as expenses in the statement of profit or loss in current year.

8.16.1 Provisions for employee benefits (cont.)

The change in the Company's shareholding structure in December 2019 resulted in transformation from a state enterprise to a private company. However, this did not affect employee benefits because labor law and the State Enterprise Labor Relations Act do not differ in condition of payment.

The Company has determined an employee benefit plan under which post-employment compensation is paid to its employees upon retirement in accordance with the employment agreement. Provisions for employee benefits are is determined by a qualified actuary based on actuarial techniques, using the projected unit credit method., based on statistical data on the present value of future cash flows in the form of benefits payable, a discount rate based on the yield of government bonds with maturities consistent with the maturities of the liabilities for which allowance is made. The calculated amount is presented under provisions, while actuarial gains (losses) are recognized under other comprehensive income in the statement of profit or loss and other comprehensive income.

Significant actuarial assumptions are summarized below:

Unit: % per year

	2019	2018
Discount rate	2.84	3.07
Salary increase rate	8.00	8.00
Inflation rate	2.50	2.50

Employee turnover rate classified by age group:

Unit: % per year

	2019	2018
Less than 30 years	8.00	8.00
30 years - less than 40 years	2.00	2.00
40 years - less than 50 years	1.00	1.00
50 years and above	-	-

Employee benefits expected to be paid classified by period:

Unit : Million Baht

Within 1 year	88.53
More than 1 year - 5 years	338.55
More than 5 years	1,782.29

As at December 31, 2019, the weighted average period of the liabilities for long-term employee benefit is 12.8 years (December 31, 2018 : 10.9 years).

8.16.1 Provisions for employee benefits (cont.)

The result of change in significant assumptions that affect the present value of the long-term employee benefit obligation as at December 31, 2019 and 2018 are summarized below:

Unit : Million Baht

	2019			
	Liabilities increase		Liabilities decrease	
Discount rate	Decrease 1%	88.81	Increase 1%	77.11
Salary increase rate	Increase 1%	113.79	Decrease 1%	99.96
Employee turnover rate	Decrease 20%	8.29	Increase 20%	7.96

Unit : Million Baht

	2018			
	Liabilities increase		Liabilities decrease	
Discount rate	Decrease 1%	64.86	Increase 1%	56.41
Salary increase rate	Increase 1%	74.82	Decrease 1%	66.09
Employee turnover rate	Decrease 20%	5.11	Increase 20%	4.92

However, in case of unexpected risks or circumstances that may have significant impact on the estimated provisions, such as significant changes or fluctuations in the number of employees and changes in economic conditions that could affect the government bond yield and the discount rate used in the estimation, the Company is to re-estimate the employee benefit obligations in order to identify the impact thereof on its financial statements.

Moreover, the Company established Sinthavi Provident Fund, which was registered on May 13, 1999 under the Provident Fund Act, B.E. 2530, as another type of welfare for its employees, with BBL Asset Management Co., Ltd. as the Fund manager. According to the Fund's rules, the Company's employees may voluntarily apply for the Fund membership upon their employment as permanent staff. Fund members have to make monthly contributions to the Fund at rates of 3%-15% of their monthly salary depending on their years of service. The Company later established K Master Pooled Fund, registered on May 1, 2014, with Kasikorn Asset Management Co., Ltd. as the Fund manager. The Fund allows members to select more than one investment policies to best meet their individual requirements, providing choices for the employees. The Company and the employees make contributions to Fund at the designated rates and employees will obtain benefits in accordance with the Fund's rules. As at December 31, 2019, the Company paid 97.04 million Baht to the provident funds and these are treated as expenses in the statements of profit or loss and other comprehensive income (December 31, 2018 : 95.08 million Baht).

8.16.2 Provisions for litigation cases

Unit : Million Baht

	2019	2018
Beginning balance	25.47	25.47
Additional provisions	-	-
Ending balance	25.47	25.47

8.17 Unearned income from auction sale

On July 31, 2018, the Company received proceeds of 5,342.01 million Baht from the Legal Execution Department from an auction sale of the collateral assets of one of its debtors. The Company, as the preferential creditor, had submitted a request to receive the proceeds from the auction of these assets because the debtor and two other creditors (Creditor No. 3 and Creditor No. 150) had filed a petition to cancel the auction with the Central Bankruptcy Court.

In November 2018, the Court of First Instance ordered the dismissal of the petition to cancel the auction lodged by the debtor and the 2 creditors. However, the debtor and the 2 creditors could seek permission to file an appeal with the Appeal/Supreme Court. Later, the debtor filed a petition to withdraw the appeal and the two creditors petitioned to waive their right to lodge an appeal.

In March 2019, the Company received documents certifying the finalization of the case from the Bankruptcy Court, thus legalizing the proceeds from the auction sale paid by the official receiver to the Company. Consequently, the Company filed a request for documents from the official receiver certifying the repayment to the estate as well as submitted the documents certifying the finalization of the case to the official receiver. As the preferential creditor, the Company also recognized gains from loans purchased in the amount of 3,214.61 million Baht.

8.18 Other liabilities

Unit : Million Baht

	2019	2018
Tax payable	345.92	180.07
Accrued expenses	738.59	554.76
Deposit and marginal deposit	107.16	297.68
Liabilities between Bangkok Commerce Plc. and the Company	19.16	19.16
Suspense account and clearing cheque	80.40	154.96
Suspense account for debt repayment	137.34	145.95
Financial creditors selling right to claim	-	364.64
Others	50.88	20.60
Total	1,479.45	1,737.82

As at December 31, 2019 and 2018, deposit and marginal deposit in an amount of 107.16 million Baht and 297.68 million Baht, respectively included deposit from sale of properties for sale in an amount of 94.66 million Baht and 89.17 million Baht, respectively.

8.18 Other liabilities (cont.)

As at December 31, 2019 and 2018, others in the amount of 50.88 million Baht and 20.60 million Baht, respectively, include unearned income in an amount of 3.75 million Baht (December 31, 2018: 3.90 million Baht)

8.19 Share capital

The Company's Extraordinary General Meeting of Shareholders (EGM) no. 1/2019 held on August 2, 2019 passed a resolution approving and confirming the allotment of 510 million new common shares of the Company with a par value of 5 Baht per share as earlier approved at the EGM no. 1/2018 held on June 27, 2018. Allotment of the new shares as approved by the EGM is as follows:

- Up to 280 million new common shares for initial public offering (IPO), including but not limited to allocation of part of such amount for offering and allotment to principal investors on a private placement basis
- Up to 230 million new common shares for offering to over-allotment agent to accommodate exercise of right to over-allotted shares under the over-allotment plan (if any).

The Company increased its issued and paid-up capital from 13,675 million Baht to 15,075 million Baht through issuance of 280 common shares at par value of 5 Baht per share, totalling 1,400 million Baht, for IPO in December 2019 at the offering price of 17.50 Baht per share, making a total of 4,900 million Baht in capital increase with capital surplus 3,399.43 million Baht (net of share offering expenses amounting to 100.57 million Baht). The Company registered its capital increase with the Ministry of Commerce on December 12, 2019.

As at December 31, 2019 and 2018, the Company had registered and paid-up capital as follows:

	2019		2018	
	Number of shares (Million shares)	Amount (Million Baht)	Number of shares (Million shares)	Amount (Million Baht)
Registered capital				
Registered capital at beginning of the year	3,245	16,225	3,245	16,225
Registered capital at ending of the year	3,245	16,225	3,245	16,225
Issued and paid-up capital				
Issued and paid-up capital at beginning of the year	2,735	13,675	2,735	13,675
Capital increase in the amount of 280,000,000 common shares at par value of 5 Baht per share	280	1,400	-	-
Issued and paid-up capital at ending of the year	3,015	15,075	2,735	13,675

8.20 Legal reserves

Under Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a legal reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The legal reserve is not available for dividend distribution. At present, the legal reserve has fully been set aside.

8.21 Profit appropriation and dividend payment

Dividend	Approved by	Dividend paid (Million Baht)	Dividend paid per share (Baht)
Special dividend	Extraordinary General Meeting No. 3/2019 on November 12, 2019	13,000.00	4.7532
Dividend for 2018	Annual General Meeting 2019 on April 5, 2019	3,121.46	1.1413
		16,121.46	
Special dividend	Annual General Meeting 2018 on April 27, 2018	1,700.08	0.6216
Dividend for 2017	Annual General Meeting 2018 on April 27, 2018	2,700.54	0.9874
		4,400.62	

8.22 Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at December 31, 2019, the Company's debt-to-equity ratio was 2.12 : 1 (December 31, 2018 : 1.57 : 1)

8.23 Interest income from loans purchased and other operating income

8.23.1 Interest income from loans purchased

For the years ended December 31, 2019 and 2018, interest income from loans purchased was as follows:

Unit : Million Baht

	2019	2018
Interest income from loans purchased		
Loans purchased	1,518.86	1,856.82
Gains on loans purchased	7,449.58	4,438.35
	8,968.44	6,295.17

8.23 Interest income from loans purchased and other operating income (cont.)

8.23.2 Other operating income

Other operating income for the years ended December 31, 2019 and 2018 was as follows:

Unit : Million Baht

	2019	2018
Other operating income		
Rent	27.20	24.58
Sale of assets not in use	2.67	13.37
Gain on repossession of property under installment sales	7.44	2.57
Customers' deposit forfeit due to failure to execute contracts	3.65	9.24
Other income	12.45	60.06
	53.41	109.82

8.24 Other expenses

Other expenses for the years ended December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	2019	2018
Other expenses		
Expenses relating to intangible assets	5.75	3.96
Operating expenses	208.51	176.65
Accounting and tax consultant fees	65.62	20.62
Advertising and travel expenses relating to SET listing	45.63	-
Legal consultant fees	90.24	-
Underwriting and selling fees and expenses	15.29	-
Independent appraiser fees	13.12	-
SET office and entry fees and others	31.26	2.30
Fees, charges and others	56.72	75.04
	532.14	278.57

8.25 Income tax

Income tax recognized in profit or loss for the years ended December 31, 2019 and 2018 as follows:

Unit : Million Baht

	2019	2018
Current income tax:		
Current income tax charge for year	120.16	7.28
Deferred tax		
Relating to origination of temporary differences	7.75	-
Relating to origination of change status	(465.16)	-
Total deferred tax	(457.41)	-
Income tax expense reported in statement of profit or loss income and other comprehensive income	(337.25)	7.28

The amounts of income tax relating to each component of other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

Unit : Million Baht

	2019	2018
Deferred income tax on:		
Profit (loss) on measurement of investment in available-for-sale securities recognized during the year	(0.08)	-
Profit (loss) on measurement of investment in available-for-sale securities resulting from change in tax status	16.34	-
Total	16.26	-
Profit (loss) on actuarial estimates recognized during the year	-	-
Profit (loss) on actuarial estimates resulting from change in tax status	17.64	-
Total	17.64	-

8.25 Income tax (cont.)

Reconciliation between the accounting profit and the income tax is presented below:

Unit : Million Baht

	2019		
	Tax-exempted profit	Taxable profit	Total
Accounting profit before income tax	5,832.97	379.07	6,212.04
Corporate income tax rate		20%	
Accounting profit before corporate income tax multiplied by tax rate	-	75.81	75.81
Tax impact of income and expenses			
not considered as tax income/expenses			
- Non-deductible expenses	-	56.56	56.56
- Additional expense deductions allowed	-	(4.75)	(4.75)
- Non-taxable income	-	(7.46)	(7.46)
Income tax for the year	-	120.16	120.16
Deferred tax resulting from change in the Company's tax status	-	(457.41)	(457.41)
Income tax reported in profit or loss			
and other comprehensive income	-	(337.25)	(337.25)

Unit : Million Baht

	2018		
	Tax-exempted profit	Taxable profit	Total
Accounting profit before income tax	5,154.46	54.85	5,209.31
Corporate income tax rate		20%	
Accounting profit before corporate income tax multiplied by tax rate	-	10.97	10.97
Tax impact of income and expenses			
not considered as tax income/expenses			
- Non-deductible expenses	-	0.04	0.04
- Additional expense deductions allowed	-	(0.04)	(0.04)
- Non-taxable income	-	(3.69)	(3.69)
Income tax reported in profit or loss			
and other comprehensive income	-	7.28	7.28

8.25 Income tax (cont.)

In 2018, the Company posted a net profit of 5,832.97 million Baht, which was tax-exempted pursuant to the Royal Decree (No. 362) B.E. 2542 issued under the Revenue Code regarding tax exemption. Due to the change in the tax status of the Company following the change in the proportionate of the major shareholder in 2019, the Company' s entitlement to corporate income tax privilege has accordingly been terminated since December 12, 2019. Therefore, the Company has prepared financial statements for the periods of January 1, 2019 - December 11, 2019 (period with tax- exemption for its NPL management and December 12, 2019 - December 31, 2019 (period without tax exemption) as summarized here:

Unit : Million Baht

	1 January 2019 - 11 December 2019		12 December 2019 - 31 December 2019	1 January 2019 - 31 December 2019
	NPL management	Other business	Total	Total
Interest income	8,737.10	10.25	392.40	9,139.75
Loss on investment in securities	3.99	-	-	3.99
Gain on sale of properties for sale	2,605.93	-	301.31	2,907.24
Gain on installment sales	92.03	-	1.56	93.59
Other operating income	48.56	2.14	40.90	91.60
Total operating income	11,487.61	12.39	736.17	12,236.17
Interest expense	1,997.48	-	134.90	2,132.38
Other operating expenses	3,496.26	-	260.87	3,757.13
Total operating expenses	5,493.74	-	395.77	5,889.51
Bad debts and doubtful accounts	160.90	-	(26.28)	134.62
Operating profit before income tax	5,832.97	12.39	366.68	6,212.04

8.26 Basic earnings per share

Basic earnings per share are calculated by dividing the annual net profit on the shareholders' portion (excluding other comprehensive income) with the weighted average number of issued ordinary shares during the year. Calculation of basic earnings per share is presented below:

Earnings for the year ended 31 December		Weighted average number of common shares		Earnings per share	
2019	2018	2019	2018	2019	2018
(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
6,549.30	5,202.02	2,750.34	2,735.00	2.38	1.90

8.27 Related persons or parties

For the purpose of financial statement preparation, related persons or parties of the Company refer to persons or parties, over whom the Company has direct or indirect controlling power or significant influence with respect to their financial and managerial decisions, or which are under common control or significant influence with the Company. Such relation may be on an individual basis or corporate basis. In the consideration of each related party transaction, the Company focuses more on the essence of the relation than on the legal form of the relation.

Relations between the Company and related entities are as follows:

List of related entities	Relations with the Company
Financial Institutions Development Fund	Major shareholder
Krungthai Bank Plc.	Having common shareholders
KT Zmico Securities Co., Ltd.	Having common shareholders
Krungthai-AXA Life Insurance Plc.	Having common shareholders
Krungthai Panich Insurance Plc.	Having common shareholders
Bahoma Co., Ltd.	Having common shareholders
Sahathorn Co., Ltd.	Having common shareholders

8.27 Related persons or parties (cont.)

During the period, the Company had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Outstanding amounts between the Company and related companies as at December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	2019	2018
Statement of financial position		
Cash at financial institutions		
Common shareholders	11.18	16.65
Investment in securities - net		
Common shareholders	2.15	2.15
Other assets - Accrued dividends		
Common shareholders	35.81	35.81
Debt issued and borrowings - Notes payable and borrowing		
Common shareholders	1,428.19	1,098.18
Debt issued and borrowings - Debentures		
Common shareholders	1,008.80	1,107.70
Accrued interest payable		
Common shareholders	3.89	2.23
Other liabilities - Rent guarantee		
Common shareholders	0.01	0.10

Unit : Million Baht

	2019	2018	Pricing policy
Statements of income and other comprehensive income			
Interest income - Cash at financial institutions			As mutually agreed
Common shareholders	0.05	0.04	
Dividend income			As mutually agreed
Common shareholders	36.77	36.77	
Other operating income - Rent and utilities			As mutually agreed
Common shareholders	0.14	0.52	
Gain on disposal of properties foreclosed			As mutually agreed
Related persons *	-	2.47	
Interest expenses			As in the prospectus and
Common shareholders	59.29	22.44	as mutually agreed

* Related persons refer to those having close relationship with the related persons, directors and executives.

As at December 31, 2019, the Company pay for initial public offering fee instead of FIDF of 14.07 million Baht.

8.27 Related persons or parties (cont.)

Debt issued and borrowings from related entities

Movements of debt issued and borrowings transactions and financial creditors from purchase of NPAs between the Company and related parties as at December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	2019			
	Beginning balance	Increase	Decrease	Ending balance
Debt issued and borrowings				
Krungthai Bank Plc.	1,644.18	6,143.79	6,130.18	1,657.79
Krungthai-AXA Life Insurance Plc.	531.70	720.00	502.50	749.20
Krungthai Panich Insurance Plc.	30.00	-	-	30.00
Total	2,205.88	6,863.79	6,632.68	2,436.99

Unit : Million Baht

	2018			
	Beginning balance	Increase	Decrease	Ending balance
Debt issued and borrowings				
Krungthai Bank Plc.	208.00	1,631.23	195.05	1,644.18
Krungthai-AXA Life Insurance Plc.	4.90	527.00	0.20	531.70
Krungthai Panich Insurance Plc.	-	30.00	-	30.00
Total	212.90	2,188.23	195.25	2,205.88

8.28 Directors' remuneration

For the years ended December 31, 2019 and 2018, remuneration paid to key executives in accordance with TAS 24 (Revised 2018): Related Party Disclosures, comprising directors, executives at Executive Vice President level and higher and executives in accounting or finance function line at department head level and higher, was as follows:

Unit : Million Baht

	2019	2018
Short-term benefits	109.05	101.27
Post-employment benefits	22.71	8.30
Total	131.76	109.57

8.29 Financial position and performance classified by operating segments

The Company is principally engaged in asset management and the business operations are carried on in Thailand. The chief operating decision maker has been identified as the Board of Directors. The Company is organized into business units based on its products and services and there are two reportable segments as follows:

1. Acquisition and receipt of transfer of NPLs from financial institutions for management, based mainly on debt compromise practices to ensure the optimum benefit for both parties.

2. Acquisition and receipt of transfer of NPAs from financial institutions, receipt of transfers of assets for debt settlement from debtors and making bids for collateralized assets of debtors with the Legal Execution Department in order to manage them, with a focus on improvement of the properties to a ready-to-use condition, in order to create added value, and enable the properties to meet the demands of target customers.

8.29.1 Financial position classified by operating segments

Unit : Million Baht

	2019			
	Asset Management Business			
	NPLs	NPAs and investment in securities	Others/Not allocated *	Total
Cash	-	-	4.71	4.71
Cash at financial institutions	-	-	1,378.91	1,378.91
Investment in securities - net	-	70.18	-	70.18
Loans purchased - net	77,374.66	-	-	77,374.66
Installment sale receivables - net	-	649.15	-	649.15
Properties for sale- net	-	23,899.12	-	23,899.12
Accrued income from auction sale - net	9,595.61	-	-	9,595.61
Premises and equipment - net	-	-	1,243.22	1,243.22
Intangible assets - net	-	-	15.92	15.92
Advance for expenses on asset acquisition and others	-	888.26	-	888.26
Deferred tax assets	39.75	209.11	242.45	491.31
Other assets	-	-	178.61	178.61
Total	87,010.02	25,715.82	3,063.82	115,789.66
Debt issued and borrowings	52,111.24	2,346.31	21,229.97	75,687.52
Accrued interest payable	420.78	-	83.46	504.24
Provisions	-	-	1,052.33	1,052.33
Other liabilities	-	-	1,479.45	1,479.45
Total liabilities	52,532.02	2,346.31	23,845.21	78,723.54

* They are items that cannot be clearly classified so they are presented in others/not allocated.

8.29.1 Financial position classified by operating segments (cont.)

Unit : Million Baht

	2018			
	Asset Management Business			
	NPLs	NPAs and investment in securities	Others/Not allocated*	Total
Cash	-	-	3.61	3.61
Cash at financial institutions	-	-	1,031.80	1,031.80
Investment in securities - net	-	93.94	-	93.94
Loans purchased - net	75,433.94	-	-	75,433.94
Installment sale receivables - net	-	708.30	-	708.30
Properties for sale - net	-	20,595.82	-	20,595.82
Accrued income from auction sale - net	7,115.45	-	-	7,115.45
Premises and equipment - net	-	-	1,251.54	1,251.54
Intangible assets - net	-	-	13.28	13.28
Advance for expenses on asset acquisition and others	-	1,217.27	-	1,217.27
Other assets	-	-	188.05	188.05
Total	82,549.39	22,615.33	2,488.28	107,653.00
Debt issued and borrowings	45,736.38	1,857.16	10,115.74	57,709.28
Accrued interest payable	226.51	-	18.85	245.36
Provisions	-	-	769.52	769.52
Unearned income from auction sale	5,342.01	-	-	5,342.01
Other liabilities	-	-	1,737.82	1,737.82
Total liabilities	51,304.90	1,857.16	12,641.93	65,803.99

* They are items that cannot be clearly classified so they are presented in others/not allocated.

8.29.2 Performance classified by operating segments

Unit : Million Baht

	2019			
	Performance of NPLs	Performance of NPAs and investment in securities	Others Not allocated *	Total
Interest income	8,968.44	155.71	15.60	9,139.75
Gain on investment in securities	-	3.99	-	3.99
Gain on sale of properties for sale	-	2,907.24	-	2,907.24
Gain on installment sale	-	93.59	-	93.59
Other operating income	5.71	76.90	8.99	91.60
Total operating income	8,974.15	3,237.43	24.59	12,236.17
Interest expenses	1,536.12	160.87	435.39	2,132.38
Other operating expenses				
Impairment loss of properties for sale (reversal)	-	(24.69)	-	(24.69)
Other operating expenses	-	97.48	3,684.33	3,781.81
Total operating expenses	1,536.12	233.66	4,119.72	5,889.50
Bad debts and doubtful accounts	134.62	-	-	134.62
Profit from operating before income tax expenses	7,303.41	3,003.77	(4,095.13)	6,212.05
Income tax expenses	48.38	(161.06)	(224.57)	(337.25)
Net profit	7,255.03	3,164.83	(3,870.56)	6,549.30

* They are items that cannot be clearly classified so they are presented in others not allocated.

8.29.2 Performance classified by operating segments (cont.)

Unit : Million Baht

	2018			
	Performance of NPLs	Performance of NPAs and investment in securities	Others/Not allocated*	Total
Interest income	6,295.17	108.44	10.33	6,413.94
Gain on investment in securities	-	(30.31)	-	(30.31)
Gain on sale of properties for sale	-	3,105.51	-	3,105.51
Gain on installment sale	-	115.21	-	115.21
Other operating income	57.87	73.50	15.42	146.79
Total operating income	6,353.04	3,372.35	25.75	9,751.14
Interest expenses	1,378.60	31.06	359.75	1,769.41
Other operating expenses				
Impairment loss of properties for sale (reversal)	-	(20.50)	-	(20.50)
Other operating expenses	-	89.13	2,865.99	2,955.12
Total operating expenses	1,378.60	99.69	3,225.74	4,704.03
Bad debts and doubtful accounts	(162.19)	-	-	(162.19)
Profit from operating before income tax expenses	5,136.63	3,272.66	(3,199.99)	5,209.30
Income tax expenses	-	-	7.28	7.28
Net profit	5,136.63	3,272.66	(3,207.27)	5,202.02

* They are items that cannot be clearly classified so they are presented in others/not allocated.

Information on geographical region

The Company operates in Thailand only. As a result, all the income and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Information on major customers

For the year as at December 31, 2019 and 2018, the Company has major customer (with income of 10 percent or more of an entity's income) from one major customers in amount 3,564.11 million Baht arising from operating segment of non-performing loans (NPLs).

8.30 Additional information about cash and significant non-cash items

8.30.1 Cash and cash equivalents in statement of cash flows

Unit : Million Baht

	2019	2018
Cash	4.71	3.61
Deposits in transit	8.55	9.89
Current, saving, and fixed deposits	1,370.24	1,021.81
Less Deposits under guarantee obligation	(3.69)	(3.74)
Cash and cash equivalent items in the statement of cash flows	1,379.81	1,031.57

8.30.2 Cash paid for Premises equipment

Unit : Million Baht

	2019	2018
Payables on purchase of premises and equipment beginning balance	2.29	4.85
Purchase of permises and equipment	110.15	76.02
Less Cash paid for premises and equipment	(77.92)	(78.58)
Payables on purchase of premises and equipment ending balance	34.52	2.29

8.30.3 Cash paid for intangible assets

Unit : Million Baht

	2019	2018
Payables on purchase of intangible assets beginning balance	4.83	1.28
Purchase of intangible assets	8.39	6.60
Less Cash paid for intangible assets	(13.09)	(3.05)
Payables from purchase of intangible assets ending balance	0.13	4.83

8.30.4 Change in non-cash items of debt issued and borrowings

Unit : Million Baht

	2019										
	Beginning balance	Cash received	Cash paid	Non-cash items							Ending balance
				Loans purchased	Properties for sale	Notes revaluation	Interest paid	Notes aval fee	Credit utilization fee	Debenture issue expense	
Notes payable	4,540.79	97.07	(6,602.72)	4,444.94	585.50	-	-	-	-	-	3,065.58
Less Deferred interest expense	(220.40)	-	-	-	-	(65.70)	59.90	-	-	-	(226.20)
Notes payable aval expense	(7.79)	-	(4.41)	-	-	-	-	9.59	-	-	(2.61)
Total notes payable	4,312.60	97.07	(6,607.13)	4,444.94	585.50	(65.70)	59.90	9.59	-	-	2,836.77
Borrowings	21,233.89	49,500.00	(42,799.94)	-	-	-	-	-	-	-	27,933.95
Less Deferred credit fee	(1.65)	-	-	-	-	-	-	-	1.34	-	(0.31)
Total borrowings	21,232.24	49,500.00	(42,799.94)	-	-	-	-	-	1.34	-	27,933.64
Debentures	32,200.00	20,000.00	(7,230.00)	-	-	-	-	-	-	-	44,970.00
Less Debenture issue expense	(35.56)	-	(30.06)	-	-	-	-	-	-	12.73	(52.89)
Total debentures	32,164.44	20,000.00	(7,260.06)	-	-		-	-	-	12.73	44,917.11
Grand total	57,709.28	69,597.07	(56,667.13)	4,444.94	585.50	(65.70)	59.90	9.59	1.34	12.73	75,687.52

8.30.4 Change in non-cash items of debt issued and borrowings (cont.)

Unit : Million Baht

	2018										
	Beginning balance	Cash received	Cash paid	Non-cash items							Ending balance
				Loans purchased	Properties for sale	Notes revaluation	Interest paid	Notes aval fee	Credit utilization fee	Debenture issue expense	
Notes payable	4,698.21	97.06	(4,989.22)	3,653.31	1,081.43	-	-	-	-	-	4,540.79
Less Deferred interest expense	(138.27)	-	-	-	-	(113.19)	31.06	-	-	-	(220.40)
Notes payable aval expense	(24.81)	-	-	-	-	-	-	17.02	-	-	(7.79)
Total notes payable	4,535.13	97.06	(4,989.22)	3,653.31	1,081.43	(113.19)	31.06	17.02	-	-	4,312.60
Borrowings	21,573.69	16,450.00	(16,789.80)	-	-	-	-	-	-	-	21,233.89
Less Deferred credit fee	(2.99)	-	-	-	-	-	-	-	1.34	-	(1.65)
Total borrowings	21,570.70	16,450.00	(16,789.80)	-	-	-	-	-	1.34	-	21,232.24
Debentures	30,800.00	8,000.00	(6,600.00)	-	-	-	-	-	-	-	32,200.00
Less Debenture issue expense	(37.36)	-	(12.66)	-	-	-	-	-	-	14.46	(35.56)
Total debentures	30,762.64	8,000.00	(6,612.66)	-	-		-	-	-	14.46	32,164.44
Grand total	56,868.47	24,547.06	(28,391.68)	3,653.31	1,081.43	(113.19)	31.06	17.02	1.34	14.46	57,709.28

8.31 Assets with obligations

8.31.1 Obligations on operating lease agreements and long-term service agreements

The Company entered into operating lease agreements in relation to lease of land, building space, and office equipment. Contractual terms range from 1 to 10 years.

As at December 31, 2019 and 2018, the Company had future payment obligation under the operating lease agreements which cannot be terminated in the minimum amount as below:

Unit : Million Baht

	2019	2018
Payment		
Within 1 year	17.26	5.41
Over 1 year but not over 5 years	20.76	1.39
Total	38.02	6.80

8.32 Guarantee

As at December 31, 2019, there were outstanding bank guarantees of approximately 3.69 million Baht (December 31, 2018 : 3.74 million Baht) issued by banks on behalf of the Company in order to guarantee electricity use, among other purposes.

8.33 Contingent liabilities

As at December 31, 2019, ongoing lawsuits filed against the Company had a total disputed amount of 523.89 million Baht (December 31, 2018 : 779.40 million Baht). All of these lawsuits are civil cases involving claims for damages arising in the normal course of business. The Company believes that finalization of these cases are will not have any material impact on its financial position and performance. However, the Company has not yet recognized such potential consequential damages as expenses.

8.34 Fair value measurement of financial instruments

8.34.1 Fair value of financial instruments

The table below summarizes comparison of the book value and fair value of financial instruments:

Unit : Million Baht

	2019		2018	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	4.71	4.71	3.61	3.61
Cash at financial institutions	1,378.91	1,378.91	1,031.80	1,031.80
Investment in securities - net				
Domestic marketable equity securities	64.88	64.88	88.15	88.15
General investment	5.30	534.79	5.79	653.07
Loans purchased - net	77,374.66	114,114.97	75,433.94	114,623.98
Installment sale receivables - net	649.15	1,730.03	708.30	1,632.40
Accrued income from auction sale - net	9,595.61	9,595.61	7,115.45	7,115.45
Financial liabilities				
Debt issued and borrowings	75,687.52	77,123.35	57,709.28	58,099.75

The Company has estimated the fair value of financial instruments based on the following criteria:

(a) Financial assets with short-term maturities or financial assets bearing interest at rates comparable to market rates include cash, cash at financial institutions and accrued income from auction sales. The fair values of such assets are estimated at the book value presented in the statement of financial position as they are short-term.

(b) The fair value of restructured loans purchased can be calculated as follows:

1. Fair values of classified debtors in classes 1 and 2 are calculated based on the cash flows from debt settlement plans and a discount rate of MLR.

2. The fair values of classified debtors in classes 3, 4 and 5 are calculated based on the cash flows from sales of collateral assets. The year in which the sale is expected is determined based on the status of the litigation, and a discount rate of MLR was applied. The amount to be received is not to exceed obligations on accrual basis.

(c) Fair value of unrestructured loans purchased is calculated on present value of future cash from sales of collaterals. The year in which sale is expected is determined from litigation status with discount on MLR, provided that the amount to be received is not to exceed the debt obligations on an accrual basis.

8.34.1 Fair value of financial instruments (cont.)

(d) The fair value of installment sale receivables is calculated as follows:

1. Installment sale receivables that are 0 - 3 months overdue are estimated based on the cash flows from the debt settlement plan and a discount rate of MLR.

2. Installment sale receivables that are more than 3 months overdue are estimated from cash flows from sale of collaterals. The year in which sale is expected is determined based on historical sales data and a discount rate of MLR.

(e) The fair value of issued debt securities and loans in the form of subordinated and unsubordinated debt securities is determined based on the yield rates quoted by the Thai Bond Market Association. The fair value of issued debt securities and floating interest-bearing loans is estimated with reference to book value, while that of debt securities issued and fixed interest-bearing loans is calculated based on the present value of projected future cash flows discounted using the estimated interest rate in the current market for loans with similar conditions.

(f) The fair value of securities not listed on the Stock Exchange is calculated using the book value (BV) in the latest financial statements.

During the current year, there have been no transfers within the fair value hierarchy.

8.34.2 Fair value hierarchy

To adopt fair value measurement technique, the business must use noticeable information related to assets or liabilities aimed for fair value measurement as much as possible. TFRS 13, regarding fair value measurement, has classified fair value into three levels according to type of data used for measuring fair value as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

8.34.2 Fair value hierarchy (cont.)

As at December 31, 2019 and 2018, the Company's assets and liabilities were measured or disclosed at fair value, and classified by fair value hierarchy, as follows:

Unit : Million Baht

	2019				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment in securities - net					
Domestic marketable equity instruments	64.88	64.88	-	-	64.88
Assets disclosed at fair value					
Cash	4.71	4.71	-	-	4.71
Cash at financial institutions	1,378.91	1,378.91	-	-	1,378.91
Investment in securities - net					
General investment	5.30	-	-	534.79	534.79
Loans purchased - net	77,374.66	-	-	114,114.97	114,114.97
Installment sale receivables - net	649.15	-	-	1,730.03	1,730.03
Accrued income from auction sale - net	9,595.61	-	-	9,595.61	9,595.61
Liabilities disclosed at fair value					
Debt issued and borrowings	75,687.52	-	46,405.82	30,717.53	77,123.35

Unit : Million Baht

	2018				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment in securities - net					
Domestic marketable equity instruments	88.15	88.15	-	-	88.15
Assets disclosed at fair value					
Cash	3.61	3.61	-	-	3.61
Cash at financial institutions	1,031.80	1,031.80	-	-	1,031.80
Investment in securities - net					
General investment	5.79	-	-	653.07	653.07
Loans purchased-net	75,433.94	-	-	114,623.98	114,623.98
Installment sale receivables - net	708.30	-	-	1,632.40	1,632.40
Accrued income from auction sale - net	7,115.45	-	-	7,115.45	7,115.45
Liabilities disclosed at fair value					
Debt issued and borrowings	57,709.28	-	32,554.91	25,544.84	58,099.75

8.35 Reclassification

Financial statements for the year ended December 31, 2018 presented herein for comparative purposes have been reclassified to be consistent with items presented in the financial statements for the year ended December 31, 2019. Such reclassification has no impact on the Company's previously reported performance as follows:

Unit: Million Baht

	Pre-reclassified	Reclassification increase (decrease)	Post-reclassified
Statement of financial position			
As at December 31, 2018			
Advance for expenses on asset acquisition and others	-	1,217.27	1,217.27
Other assets	1,405.32	(1,217.27)	188.05
Statement of income			
For the year ended December 31, 2018			
Interest income			
Credit for purchase of receivables	1,856.82	4,438.35	6,295.17
Gain on credit for purchase of receivables	4,438.35	(4,438.35)	-
Statement of cash flow (key items only)			
For the year ended December 31, 2018			
Advance for expenses on asset acquisition and others	-	(495.72)	(495.72)
Other assets	(379.25)	495.72	116.47
Net interest income	(206.18)	(4,438.35)	(4,644.53)
Cash received from interest income	1,971.93	4,438.35	6,410.28

8.36 Events after the date of the financial statements

As a result of the IPO of common shares with a condition to buy back over-allotted shares, the period for which ended on January 14, 2020, the Company issued and offered 217.4 million new common shares with a par value of Baht 5 per share to investors at an offering price of 17.50 Baht per share. The total amount raised was 3,798.24 million Baht with a capital surplus of 2,631.18 million Baht (net of offering expenses of 81.82 million Baht). Thus, the Company's issued and paid-up capital has increased from 15,075 million Baht to 16,160.21 million Baht. The capital increase was registered with the Ministry of Commerce on January 16, 2020.

8.37 Approval of the financial statements

These financial statements were approved for issuing by the Board of Directors of the Company on February 27, 2020.

Sustainable
Development



บสก
BAM

BAM Sustainable Development

About this Report

For the past 20 years, the Company is determined to solve the problems of NPLs of financial institutions, by means of debt restructuring based on the principle of mutual collaboration, in order to reach the solutions with maximum benefits to both parties and be able to negotiate for debt restructuring, even when legal proceedings are underway. The Company solves the problems of NPLs by mainly considering debtors' debt repayment capability. The Company aims to help honest debtors to continue their business operation and to allow small debtors to have the opportunity to pay their debts and get back their assets to further use those assets for other benefits.

Meanwhile, the Company plays an important role in the restoration and development of the country's real estate properties, as the Company manages NPAs that it acquires from financial institutions, and renovate those NPAs into a ready - for - sales condition. The Company focuses on repairing and improving NPAs into a good - graceful condition and selling them at fair prices. The Company also provides the asset purchase installments program to help small customers who don't have access to the funding sources, in order for them to easily become owners of assets. Therefore, another important role of the Company is helping people with low income to have the chance of having their own homes.

Besides providing commercial supports to its customers or debtors, the Company also conducts its business under the principle of good governance, while recognizes the benefits of all stakeholders and simultaneously takes care of the society, under the policy that does not focus on the maximization of profitability but the satisfactory benefits for shareholders. The Company remains faithful in its purposes and determines to become the best asset management company of the country, under the principle of BAM Dee, a project of BAM Good, namely.

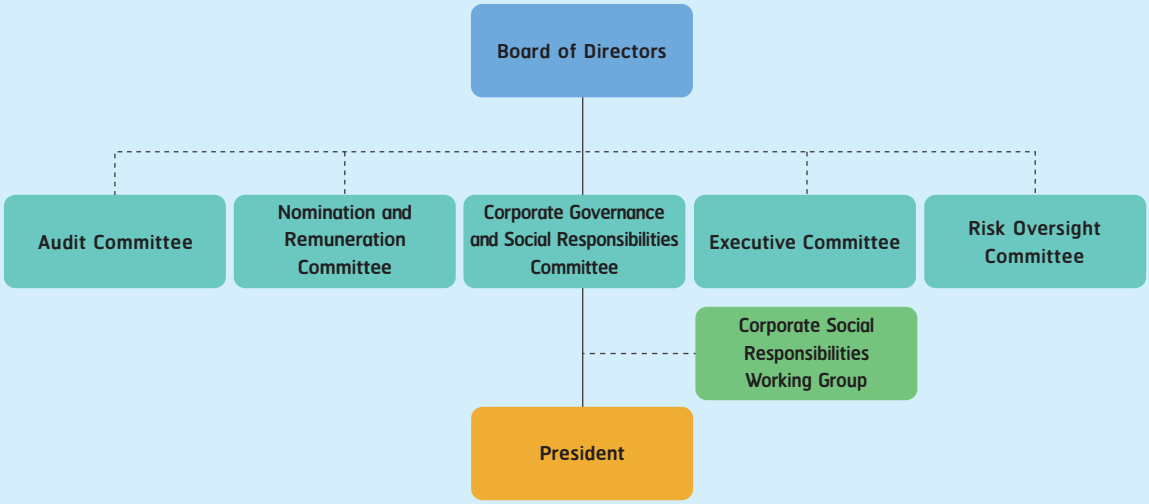


The guideline for preparing the Sustainable Development Report

This report - BAM sustainable development - was prepared as part of the Company's annual presentation of its operation in 2019, for a period between January 1 and December 31, 2019, regarding the company's management for sustainability, whether in terms of the economy, society, and environment. The Company prepared and presented this report in accordance with the Global Reporting Initiative version Standard ("GRI Standard 2018") and UN Sustainabilities Development Goals (SDGs). The content and substance of this 2019 Report focus on the company's operation, business orientation, visions, strategies, corporate good governance, and a concrete guideline for the operation philosophy, as well as subjects regarding employee care and development, business value improvement, and the creation of sustainable opportunity for society and community. All these aspects are connected to the company's sustainability, in accordance with the SDGs, in terms of economy, society, and environment.

The Company's integrated sustainable development structure

Under the guidance of the Board of Directors that determines to implement the integrated sustainable development in the Company's operation, the Company hence creates 5 sub-committees, namely, the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance and Social Responsibilities Committee, the Executive Committee, and the Risk Oversight Committee; with the authority and duty of specifying the Company's policies, regulations, and guidelines for various operations of the Company, in accordance with the principle of the good corporate governance and corporate social responsibility, in order to ensure that the Company will progress toward the sustainable success.



The direction of business operation

The Company integrates its corporate social responsibility as a core of its operation, which starts from social activities and donations that lead to the development of an integrated sustainable management process that links the Company's corporate social responsibility with its strategies, visions, and missions, in order to ensure the business operation sustainability.

Business philosophy

The Company believes that a good business operation must always concern on all stakeholders. The Company's core concept to success is known as BAM TOUCH, which consists of its organization's cultures and values that are concrete, appropriate, and clear; consistent with the organization's visions and missions, in order to drive business operation toward sustainable development.

The core concept to success BAM TOUCH

BAM TOUCH is a guideline that ensures that all executives and employees will perform their tasks and duties toward the same direction. This guideline also ensures the creation of values of a good individual by educating the organization's members with the knowledge and understanding of the organization's cultures and values. BAM TOUCH leads to BAM Dee, namely, good to country, good to society, good to customers or debtors, good to shareholders, and good to employees. The benefits of this core concept will, in turn, allow the Company to achieve its goals and become an important force that drives the organization's progress and growth securely and sustainably. BAM TOUCH also clearly reflects the organization's image, in terms of its adherence to Good Corporate Governance.



BAM Corporate culture

BAM	**B**	**= Betterment**	a continuous improvement
	A	**= Achievement**	the determination to success
	M	**= Management**	having excellent staff and organization management system.

BAM Corporate values TOUCH

Trust

Trustworthy means adhering to righteousness in accordance with professional standards, behaving with belief in honesty, doing as promised to create mutual trust, clarifying and disclosing information in a sincere and transparent manner, which will bring about a work environment under mutual corporate governance practice.

Openness

Open-minded to making a difference means realizing that change can bring progress, being open to a change and helping others to accept such change, seeking opportunities therefrom to make a difference or brings what new to the work, and being open to diverse opinions with a positive attitude to expand viewpoint.

Unity

United for organization means believing in power from unity of all people in the organization, hence honor and respect for one another, using resources available in an efficient way, and collaborating to achieve the targets by not holding onto only one's own task but giving priority to the interests of the organization.

Customer-focused

Customer desire focused means understanding and predicting the needs of both internal and external customers, seeking to respond to those needs with realization that products and services of high quality can raise the well-being of customers, and bringing security to Thai economy and society.

High-performance

High performance caring means having professional commitment to, responsibility for, and discipline in self-development to upskill in diverse fields by seeking new knowledge, extending ideas to better work, daring to think and do creatively, and working proactively to consistently add value to the organization.

Processes for the integrated sustainable development



Vision :

To be the best asset management company in the country

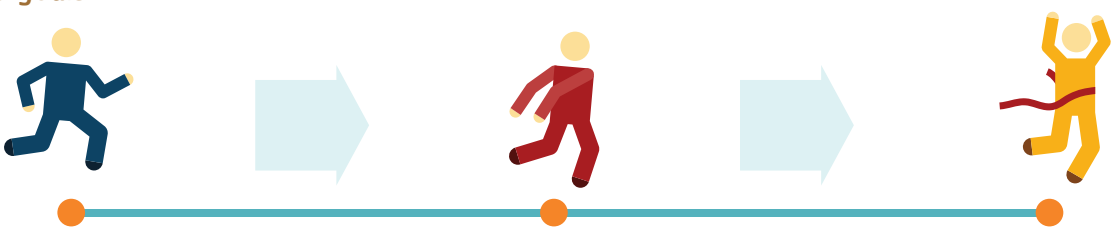
Mission :

- To perform excellent management and enhance sustainable growth
- To develop products and services that fully meet customer needs
- To create total satisfaction to all stakeholders
- To adhere to good corporate governance standards
- To encourage employees to become service oriented and develop their knowledge and abilities
- To participate in economic and social development

Business policies :

For 2020, the Company's Board of Directors determines important policies that orient toward the same direction of the Company's business operation, under the idea that "The Company is determined to assume and maintain an important role in managing and solving the problems with non-performing assets of the country and to contribute to the strength and sustainability of the country's economy, through the implementation of an excellent organization management system; and to satisfy all customers and related parties, while adhering to the principle of Good Corporate Governance."

Business goals :



1 Support and provide the force that drives the country's economy by managing NPLs and NPAs acquired from financial institutions, using its excellent management system. Increase the sizes of those assets and, in turn, improve the Company's performance continuously and sustainably.

2 Create a wide recognition and acceptance among its stakeholders that the Company is an expert organization in asset management that conducts its business transparently and honestly.

3 Improve the potential of the Company's employees by promoting them to further develop their knowledge and ability continuously. Cultivate its employees so they observe and uphold the organization's value and culture.

Organization goals :

The Company is determined to become an important instrument in managing of NPAs and helping honest debtors to regain a good credit score while solving the problems with NPLs in the financial system, as well as restoring the real estate business by improving NPAs to the desired standard and condition, in accordance with the market's demands.

The Company's core strategies for driving the organization toward sustainability :

Besides its core business operation, in which from the first day of its incorporation, where the Company engages in a business that helps society (CSR in progress) by solving the country's problems with NPLs from various institutions, helps to improve the quality of those NPLs and converting them into high-quality assets and re-circulating them back into the country's economic system. The Company also participates in many activities that promote community and society development, making our community and society sustainably stronger, using 4 corporate social responsibility strategies, namely:

1. Strategy for providing aids and supports to society immediately / continuously.
2. Strategy for promoting and helping society with fundamental necessities.
3. Strategy for providing supports to society, in order to further expand and develop knowledge.
4. Strategy for monitoring the outcome and helping the community to sustainably survive on its own.

The Company specifies the indicators of strategies for sustainability, based on the index of the community and families, and compare the outcome of its strategies in the previous years, with the aim to further increase the level of satisfaction of individuals, families, and communities that participate in our activities.



1. Strategy for providing aids and supports to society immediately / continuously

This strategy provides aids to underprivileged and distressed people in society, such as people with disabilities, victims of disasters, etc.

Term Fun Pan Nam Jai with BAM Project, 12th year

The Company conducts the project through a 35-episodes television program, where the Company helps those people that are in distressed and those underprivileged people in society, by donating them money and necessities. The project improves the people's morality, gives them opportunities, and fulfills the lives of our customers and the people, so they may have a better living condition, to have better careers, and to become role models for other people in society. The project also provides aids and supports to communities, organizations, foundations, schools, etc. So they may continue to exist and operate, in accordance with their businesses.



March 29, 2019


January 9, 2019



January 9, 2019

Restoration project

The Company helps alleviate the people's distress and grievance, as a result of various disasters. For example, giving the survival bag to victims of Pa Buek Storm in Nakhon Si Thammarat, Surat Thani, and Chumphon; giving the money to support the reconstruction of school building that was damaged due to the fire to Nong Bua Noi School in Maha Sarakham.

Sustainable Development Goals

United Nation's Sustainable Development Goals ("SDGs") is comprised of 17 goals, as follows:



Strategy for promoting and helping the society with the fundamental necessities

This strategy provides supports to the community, society, economy, education, and public health, for examples, by making donations, by giving scholarships, by providing startup funding, etc.

The scholarship program

The Company recognizes the importance of education, which is a foundation for the efficient development of Thai children, BAM arranges a scholarship program that provides scholarships to primary school students around the country continuously, on a yearly basis, for 1,000 scholarships a year, at Baht 3,000 per scholarship, or for a total amount of Baht 3 million.



August 22, 2019

The Company also has a policy for promoting the education of non-employees, whereas the Company arranges a scholarship program that provides 2 scholarships for candidates from general public to attend master's degree education. Moreover, the Company arranges a scholarship program to students of Khon Kaen University). This scholarship program provides scholarships to students with good grades but poor households' income so they may have the opportunity to attend and complete bachelor's degree education, from the selected 5 faculties. This project provides 5 scholarships for each faculty, for an amount of Baht 40,000 each scholarship, or a total amount of Baht 200,000.



August 22, 2019

For its 20th Anniversary, the Company donated 20 additional scholarships to students, for an amount of Baht 10,000 each. Some of the recipients were former recipients of the Company's scholarship program for primary education students. The Company also donates education equipment, textbooks, and computers, in order to further improve the learning and teaching activities. The Company also donates sports gears and equipment, in order to encourage students to make a good use of their spare time and to play sports and strengthen their health.

The medical equipment donation program



February 25, 2019


September 26, 2019

The Company recognizes the importance of promoting good health among the people and regularly donates money for procurement of medical equipment. So far, the Company provides and supports medical equipment to over 80 governmental hospitals around the country.

For its 20th Anniversary in 2019, the Company donated money for procurement of medical equipment to 17 hospitals, for a total amount of Baht 20 million. Moreover, the Company also donates ambulances, equipped with emergency resuscitation equipment, to Sawangsiwilai Thammasathan Foundation of BuengKan Province so the foundation may use the ambulance to save people during emergency events. The Company also donates ambulances to Dan Khun Tod District of Nakhon Ratchasima Province so the district office may use the ambulance to provide medical services to the people.

Medical equipment donation in 2019

Head Office

- Klang Hospital 400,000 Baht
- Lerdsin Hospital 460,000 Baht
- Banpaew hospital 500,000 Baht

Medial equipment donation For BAM 20th Anniversary

- King Chulalongkorn Memorial Hospital 1,800,000 Baht
- Thammasat University Hospital 2,000,000 Baht
- Siriraj Hospital 3,000,000 Baht

Upper North

Doi Tao Hospital, Chiang Mai Province
390,000 Baht
Donate medical equipment to Maharaj Nakom Chiang Mai Hospital, Chiang Mai Province, for the occasion of BAM 20th Anniversary
2,000,000 Baht

Central

Somdet Phra Sangkharat 19 Hospital Kanchanaburi Province
380,000 Baht

Lower North

Pua Crown Prince Hospital Nan Province
500,000 Baht

Upper South

Nuea Khlong Hospital Krabi Province
300,000 Baht

North East

Sirindhorn Hospital, Khon Kaen Province 400,000 Baht
Non Sila Hospital, Khon Kaen Province 320,000 Baht
Donate medical equipment to Srinagarind Khon Kaen, Khon Kaen Province, for the occasion of BAM 20th Anniversary
2,000,000 Baht

Lower South

Betong Hospital Yala Province
340,000 Baht
Donate medical equipment to Songklanagarind Lower Hospital Songkla Province, for the occasion of BAM 20th Anniversary
2,000,000 Baht

East

Koh Si Chang Hospital Chonburi Province
324,000 Baht

3. Strategy for providing supports to the society, in order to further expand and develop the knowledge

This strategy support the community by educating the people, in order to help them to increase the value of their products, such as packaging development support, marketing channel promotion, product quality development, etc.



1. The Sea Restoration for Returning the Sea - Cow's Home Program, a collaboration with Mod Tanoi Community of Trang Province

This program aims to preserve and to increase the number of Sea - Cow in the Gulf of Thailand by expanding the area with seagrass - the main food of Sea - Cow - at the sea floor; and by collecting plastic garbage from the Mod Tanoi Beach of Koh Libon Island, Trang Province. The Company invited experts to provide a lecture regarding the preservation of Sea - Cow, the natural resource, and the environment; the reduced use of plastic bag, the effect of not leaving garbage on the beach, etc. The Company donated the buoys for designating the Sea-Cow Preservation Site and cultivates the seagrass - the main food of the Sea-Cow. The project aims to increase the number of Sea-Cow to not fewer than 260 Sea-Cows by 2024.

2. **No Plastic Bag Program** with various activities that aim to promote its employees to learn and to recognize the importance of the environment and resource preservation, by reducing, refraining, and stopping the use of plastic bag. The key performance index for this aspect was the reduction of plastic bag in the cafeteria area of the Company, on the 7th floor of the Company's head office, to over 15 percent. The Company also invites lecturers from Bangkok Metropolitan Vocational Training Center to educate its employees and to teach them how to create cloth bags and lamps from leftover materials. The Company also strictly forbids the use of plastic bags and foam boxes inside the head office.


May 17, 2019


June 21, 2019


July 19, 2019

4. Strategy for monitoring the outcome and helping the community to sustainably survive on its own.

This strategy monitors the progress of the outcome of projects that the Company has supported for the last 3-5 years, namely,

Model Community for Sustainable Living Project


August 9, 2019



May 17, 2019

The Company selected 5 model communities from 5 regions around Thailand, namely, 1. Chemical - Free Vegetable Farming Promotion Group, Phetchaburi Province; 2. Huk Nam Jang Group, Lampang Province; 3. Organic Vegetable Farming Group, KhonKaen Province; 4. Communal Enterprise - Sufficient Agricultural Career Promotion Group, Rayong Province; and 5. Chemical-Free Agricultural Group, NakonPathom Province. BAM supports these communities, which already came together into occupation promotion groups, to be stronger and more sustainable, by funding them with a total of Baht 2 million for each community. The fund was provided so these model communities may use the money to support their local businesses, for example, the creation of plantations, vegetable farms, the organic fertilizer production, poultry farms, etc. The Company promotes these communities to engage in agricultural activities and turn them into their occupations, to have the revenue source from selling their produces, and to live their lives under the principle of sustainable economy. The Company arranges training courses and lectures that educate them on the subjects of their career path, savings, and the collaboration and with local authorities in the same areas as those communities. The Company also monitors their outcomes regularly. This project is the starting point toward the sustainability development for these communities, an effort that will allow these people to survive and thrive on their own.

A-Harn Glang Whan Yung Yuen Project (The Sustainable Lunch Project)


September 11, 2019


September 17, 2019

The Company selected 5 model schools from 5 regions around Thailand, namely, 1. Ban Nong Jork School of Phetchaburi Province; 2. Mae Ta School of Lam Pang Province; 3. Ban Nong Ya Prak Ta Rae School of Khon Kaen Province; 4. Wat Yai Da School of Rayong Province; 5. Wat Sri Wisan Vaja School of Nakhon Pathom Province. The Company donates a total amount of Baht 500,000 to these model schools so they may create their own food source, through the collaboration and supervision of teachers, students, and parents. This project aims to ensure that students will have sufficient amount of better-quality foods. The Company also arranges lectures on the subject of organic vegetable farming and poultry farming for egg production. Students will be able to consume their products for lunch, hence giving them good nutritions. Students may also sell their leftover products, in order to use the revenue to buy more seeds or to deposit the money.

Corporate Social Responsibility Policy...toward the sustainable success

The Company sets its corporate social responsibility policy as the core guideline of its operation. The policy connects all related dimension of business operation, and covers the principle of 'Good People', 'Good Product', and 'Good Society', in order to truly achieve the true sustainability.

Good People Good Product Good Society



Good People

The Company focuses on making its employees into good people, who live their lives and pursue their careers honestly and do not exploit any benefit from the stakeholders, society, and the country. Whereas the Company encourages its employees to observe and follow its anti-corruption guidelines, in order to improve their potential and ability to perform their given tasks and duties, while attaining further progress in their careers continuously.



Good Product

The Company adheres to the principle of being responsible to consumers and society and aims to create novel innovations and high-quality services that answer customers' demands without posting any effect on society and the environment or infringing other parties' intellectual property.





Good Society

The Company encourages its employees to be responsible to society and environment, in any and all dimensions; whereas the Company promotes its supervising activities which ensure that resources will be utilized efficiently and the environment will be maintained regularly. The Company also helps underprivileged people with job opportunities that generate them the income and, in turn, promotes the further improvement of the community.

(Good People)

The Company focuses on making its employees into good people, who live their lives and pursue their careers honestly and do not exploit any benefit from the stakeholders, society, and the country. Whereas the Company encourages its employees to observe and follow its anti-corruption guidelines, in order to improve their potential and ability to perform their given tasks and duties, while attaining further progress in their careers continuously.

The Company is determined to promote and to develop its employees into good people of society, as part of the **BAM Dee Project**, under the concept of "**Become the givers, know when to sacrifice, and have a concentrated mind**"

1. Become the givers means cultivating employees to be kind-hearted people, to learn when and how to give and share the happiness. Examples of projects conducted under this concept are, as follows.



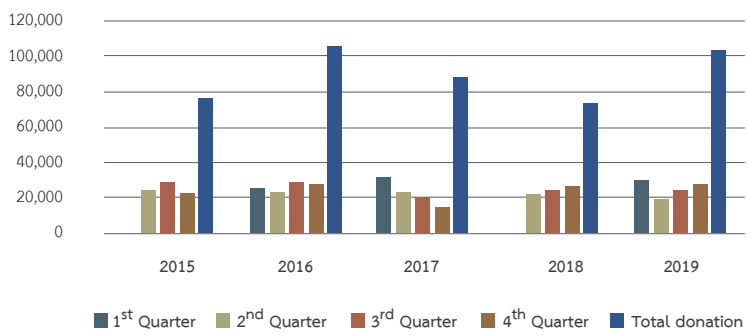
The Company encourages its employees to do good things so they truly understand the meaning of sacrifice and able to better improve themselves, to become kinder and friendlier persons. The Company does so by inviting its employees to participate in various community service activities, for example, the Company's project to celebrate its 20th year of operation by planting 20,000 trees around the country.

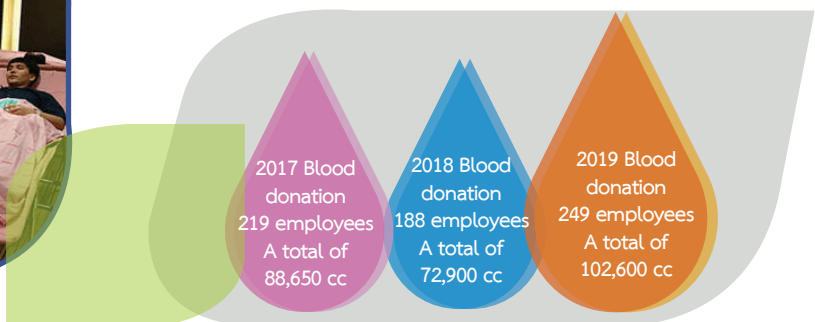
Blood donation program; 4 donations a year (once every quarter)

The Company believes that blood donation is an important life-saving activity. Therefore, the Company arranges blood donation campaign regularly, every year. In 2019, the Company arranged a total of 4 blood donation campaigns, as per the following detail.



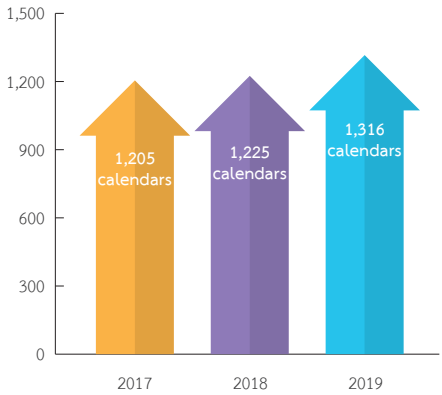
Total blood donation/CC







Total calendar donation, 2017-2019



Old calendar donation program

The Company arranges the Old Calendar Donation Program, in which it collects old calendars from its employees and donate them, along with money, to support the creation of Braille-based books. The Company donates these calendars to the Educational Technology for the Blind Center of Thailand. In 2019, the Company donates a sum of baht 100,000 to the Center, to help funding the creation of The Royal Music Book in the form of Braille-based book.

2. **Know when to sacrifice** means promoting its employees to possess the public mind, to be ready and willing to sacrifice and help other people, through the **Sharing the Good Deeds Project**





As part of Sharing the Good Deeds Project, the Company invites its employees to donate necessities for patients and under privileges people. For example, donating necessities to patients of Wat Phrabat Nam Phu Foundation and donating cloths and excessive materials to Ban Nok Kamin Foundation.

3. **Have a concentrated mind** means promoting its employees to discipline and train their minds, to achieve mindfulness and concentration, and possess and exercise the good moral and ethics for further improving their works and services, through the **Dharma Course...and excellency in work.**



The Company arranges Dharma lecture project, Dharma practicing program, and the mediation program for its employees, to remind them of the goods and merits, as well as to remind them to remain good people of society.

(Good Product)

The Company adheres to the principle of being responsible to consumers and society and aims to create novel innovations and high-quality services that answer customers' demands without posting any effect on society and the environment or infringing the other parties' intellectual property.

2019

- The Company purchases and acquires NPLs from financial institutions, in order to reduce the problems of bad debts in the country's economic system.
- BAM helps solve their problems, allowing them to regain their assets, to have a place to live or conduct their businesses. The Company does this through various projects, for example, the Voluntary Basis Restructuring Project, the Small Debtor Support Program (Credit card debtors), Assets Assignment for Debt Relieving Project, Aid Program for Distressed Debtors from Disasters, and Project.
- The Company arranges several sales promotion activities that help small customers to buy and to own a home, for example, Asset Purchase in Installment Program or the Green Home Project, in which BAM promotes the home design that focuses on reducing the energy consumption and the effect to the environment; and the Home Safety for Residents Project, especially for elderly people.







Sook Jai Dai Barn Kuen (Pleased to have your home back) project

This project helps debtors, who enter into the debt restructuring program with the Company and whose principal debt is fewer than Bath 10.0 million, to have the opportunity to repay their debts and to reclaim the collaterals, which were normally their homes, back easily. Debtors will have the choice of paying the debt at 80 percent of the appraisal price, by either one-time payment or installment payment, for a period of not more than 10 years.

Baan Suan Sook Jai (Garden Home for Happiness) Project

This is a household herbal garden project that aims to please those who love to take care of their health by growing herbs around the home that can be used as both foods and medicines. The project promotes the creation of natural habitat inside the urban environment, while adding the concept of 'Digital Living Home', a digital technology that controls equipment in the house through the mobile phone application. The project also focuses on energy saving, by using solar energy harvested from the solar cells.

The Company provides remedies to victims of floods in the South, for those people who suffered the effect of Pa Buek Storm, for both the customers of the Company's debt restructuring program and customers of the Company's asset purchase in installment program. The Company surveys how the disaster affects these customers and puts out the remedies immediately. For those customers who suffered from the disaster, the Company considers giving them leniency for their repayment, on a case by case basis, as a mean to relieve their suffering.

(Good Society)

The Company promotes and arranges activities that benefit society regularly, in order to strengthen society, while considering its stakeholders and helping those underprivileged people, so the Company may simultaneously generate the revenue and promote further sustainable development to the community, in these aspects.

1. Education
2. Public health
3. Providing aids to underprivileged people and distressed people in society
4. Other activities for public benefit, music, sports, religions, arts and cultures, and the environment.

The Company adheres to the 6 guidelines for the Good Society, as follows :

1. Creation of educational opportunity for children	2. Local trade partner development	3. Development of the quality of life and the community's environment
4. Development of the quality of life of underprivileged people	5. Preservation of local tradition	6. Participation in a network with other organizations.

1. Creation of educational opportunity for children

The Company arranges a scholarship program that provides scholarships to students around the country, continuously for over 12 years now. Present, the program provides a total of 13,000 scholarships, for a total amount of over Baht 36 million. In 2019, the detail of scholarship program is, as follows.



1. Provide scholarships to primary school students around the country, for a total of 1,000 scholarships per year, for an amount of Baht 3,000 each.
2. Provide scholarships to higher education students of Khon Kaen University of Khon Kaen Province, a program that continues to its 4th year and provides 5 scholarships, for an amount of Baht 10,000 each.
3. Provide scholarships for the occasion of the National Children's Day to the Non-Formal Education Center of Mae Hong Sorn Province. Provide scholarships to local student in the community, as well as provide money and presents for supporting the National Children's Day programs of various youth centers.
4. For its 20th Anniversary, the Company provides additional scholarships to students of the governmental higher educational institutions, for a total of 20 scholarships, for an amount of Baht 10,000 each. Some of the recipients were former recipients of BAM's scholarship program for primary education students that attended the higher education.

Moreover, the Company also arranges other educational support programs, such as the educational equipment and textbooks donation program, the renovation program for school's building, library, canteen, and playground, etc.

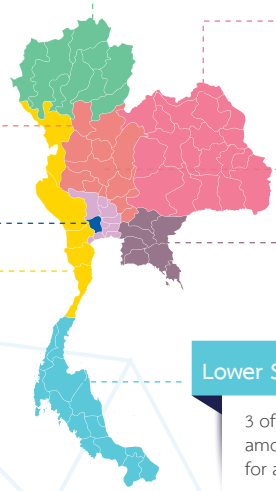
2019

Upper North
4 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 432,000

Lower North
3 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 324,000

North East
4 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 432,000

Head Office
Donates 100 scholarships to schools in Bangkok, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 300,000
Donates 20 scholarships to higher education students, for an amount of Baht 10,000 for each scholarship, for a total amount of Baht 200,000



Central
4 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 432,000

East
3 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 324,000

Upper South
3 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 324,000

Lower South
3 offices donate 36 scholarships each, for an amount of Baht 3,000 for each scholarship, for a total amount of Baht 324,000



January - December 2019

Book donation

The Company donates books to 144 school libraries around the country. These books are, for example, the Bilingual Proverb Tales (Thai – English), books about the Royal Projects, etc.


March 29, 2019

Support the construction of school's buildings

The Company donates money for the reconstruction of Nong Bua Noi School's buildings of Maka Sarakham Province that had been damaged from fire; donates money for the renovation of the canteen and restrooms of Baan Norng Jork School of Phetchaburi Province; as well as donates educational media and equipment and computers to various schools.

2. Local trade partner development


August 24, 2019

Arrange a meeting with entrepreneurs in the real estate property industry

The Company arranges a meeting that gives entrepreneurs in the construction business the opportunity to meet with the Company's officials, to learn about the guideline for working with the Company, regarding the regulation for selecting the entrepreneurs to work with, under the policy of transparency and fair treatment.

3. Development of the quality of life and the community's environment

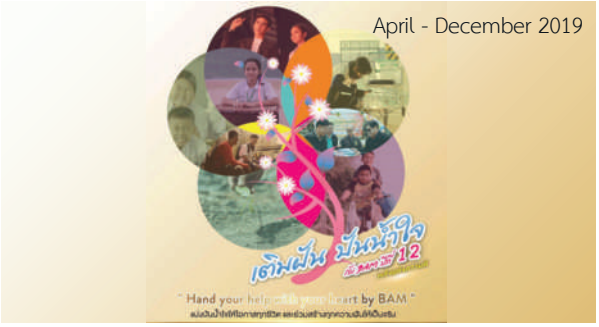


February 14, 2019

PM 2.5 pollution protection

The Company donates N95 masks to schools under the supervision of Bangkok, in Bang Rak Sub-district.

4. Quality of life development for life of underprivileged people



Term Fun Pan Nam Jai with BAM Project, 12th year

The Company donates money and necessities to help those people that are in distressed and those underprivileged people in society.



National Children's Day

The Company donates money and materials to organizations, youth centers, and schools around the country.



Educational equipment and sports equipment

The Company donates money for purchasing of sports wares, sports equipment, educational equipment, computers, etc, to organizations or schools that are in needed of those materials.

5. Preservation of local traditions



The Company supports the Vegetarian Festival of Ban HokTua Village, Ratchaburi Province, in order to preserve the local traditions and to strengthen its relationship with the local community.

6. Participation in a network with other organizations

The Company has a policy to support public health operation by donating money for the procurement of medical equipment to hospitals, medical facilities, foundations, and organizations that lack those things all around the country.



December 5, 2019

The Company donates ambulances, equipped with emergency resuscitation equipment, in a total of Baht 1,700,000 to SawangsiwilaiThammasathan Foundation of BuengKan Province so the foundation may use the ambulance to save people during the emergency events : injured, patient, and deceased, especially the poverty people and people with no relatives.


June 17, 2019

The Company donates vans for transportation to Dan Khun Tod District of Nakhon Ratchasima Province so the district office may use the ambulance to provide medical and other services to the people, as well as to provide other supports to the people, such as, for blood donation, etc.

Sustainable organization development

The Company recognizes that the good corporate governance process is an important factor to BAM's business to grow continuously, securely, and sustainably. Therefore, the Company always prioritizes and is determines to create a good management standard that will improve the confidence and benefit of the Company's stakeholders and other people that are related to the Company. The Company's corporate good governance process covers these 9 guidelines, namely.

1. Corporate Governance	2. Anti-corruption and exploitation	3. Fair business conduct
4. Responsibility to consumers	5. Fair treatment of labors	6. Responsibility to consumers or debtors
7. Community and society development	8. Environment and energy management	9. Research and development

1. Corporate Governance

In 2019, the Company developed and improved its good corporate governance, as follows:

1. The Company improved its 2018 good corporate governance guideline into the Corporate Governance Code ("CG Code"), in accordance with the standards and rules required for registered companies in the SET, as specified by the SEC.
2. The Company arranged the training course on "Good Corporate Governance" for executives and employees of every level, at the head office and 26 provincial offices around the country.
3. The Company arranged the BAM CG Day, where directors, executives, and employees pledged their vow to be good people, to perform their duty transparently, and to oppose corruption.
4. The Company arranged the test for its employees' knowledge and understanding about good corporate governance.



January 10, 2020

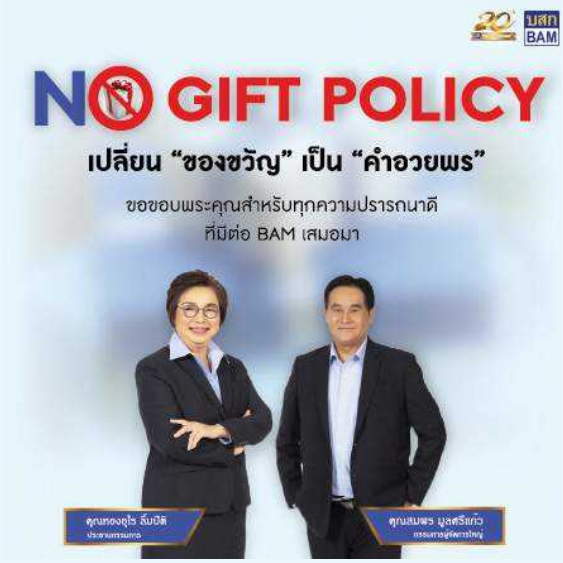
2. Anti-corruption and exploitation

The Company's announcement of its intention to oppose corruption was certified by Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC").

In 2019, The Company prepared the plan for its 1st renewal of CAC certification. The Company focuses on communicating the issue to every level of employees so they may implement the guideline in their duties.

The plan for 2020

1. Apply for the renewal of its membership with Thailand's Private Sector Collective Action Coalition Against Corruption.
2. Expand the network of Thailand's Private Sector Collection Action Coalition Against Corruption to its partners.



2019


June 19, 2019



February 12, 2019


January 3, 2020



January 2019 - December 2020

3. Fair business conduct

The Company intends to make sure that the business operation will always be transparent and reflect the fair competition, with great respect to the intellectual property right, and giving everyone the fair opportunity to purchase its NPAs on the basis of first come first serve).

In 2019, the Company arranged the bidding process for its NPAs, in accordance with the regulation.

4. Respect human rights

The Company sufficiently determines the framework and guideline for its business operation that covers the basic - legal rights, as well as other regulations under the international standard on human rights.

In 2019, the Company arranged the working environment and security system that safeguards lives and properties of all employees equally.

5. Fair treatment of labors

The Company observes and follows human rights-related laws and international regulations, without prejudice or discrimination, in its employment. The Company never use forced labors and child labors. Its employees have the freedom to association. The Company protects its employees' social status and working condition in general.

In 2019, The Company gave its employees the opportunity to express their opinions and to participate in the Company's management, as BAM gives its employees the opportunity to become representative of Relations Affairs Committee.

6. Responsibility to consumers or debtors

The Company arranges several projects that support its customers and debtors with the opportunity to restore their good credit status, through the debt restructuring process. The Company also sells high-quality NPAs at the fair prices to interested customers.

In 2019, the Company arranged (Pleased to have your home back project - that gives customers, who enter into the debt restructuring program the Company, the opportunity to repay their debt at 80 percent of the appraisal price, by either one-time payment or installment payment, for a period of not more than 10 year. On the other hand, the Company also arranged the asset purchase in installment program for customers to purchases NPAs, with the approved purchasing price not exceeding Baht 3 million, with the interest rate of 0% for the first 2 years then at the MLR rate for the rest, with the installment payment period of not more than 10 years.


September 19, 2019

7. Community and society development

The Company is determined to strengthen society, including the subjects of arts, cultures, traditions, and customs; though community and society development programs.

In 2019, the Company worked with the Community Organizations Development Institute, Ministry of Social Development and Human Security, to solve the problem of habitation and to create a strong community by developing residential area and environment of the community in the BueangNai Pol Project, Khlong Sam Wa District of Bangkok, to be more beautiful and suitable for living. And in 2020, the Company will follow up on the living condition of the people in the communities that the Company helped develop.

8. Environment and energy management

Activities of this guideline cover 4 important parts, namely, (1) pollution protection, (2) sustainable resource usage, (3) mitigation and adaptation to global warming, and (4) environmental protection.

In 2019:

1. The Company arranged the energy saving campaign, promoted the waste segregation, arranged the contest for Save the Earth concepts with the communities in various provinces; in order to cultivate the mindset of the natural resource and environment protection among them.
2. The Company promoted its employees to stop using plastic bags through the "No Plastic Bag Project", in which BAM educated its employees on how to create cloth bags from old cloths.


November 14, 2019



May - August 2019

9. Research and development

The Company promotes all of its employees to participate in organization management by giving them opportunities to present their creative ideas that lead to innovations that generate sustainable added-value.

In 2019, The Company arranged the 20 Ideas through BAM WISDOM Contest, in order to select the innovations that will be useful for further development of the Company's innovations, as well as to allow the Company to adapt and cope with the changes and effects from the Digital Disruption.



BAM Dee (Bam Goods)

BAM Dee is a concept that gives every stakeholder the opportunity to help improve the integrated - sustainable development of the Company. The Company incorporate this concept to 5 anchors, namely: good to the country, good to society, good to customers or debtors, good to shareholders, and good to employees, as follows.

1. Good to the country

The Company manages NPLs / NPAs by conducting various projects that help its debtors to reacquire their assets and to help its customers to buy assets under their own names at a fair price. The Company's business is considered an integral part that helps stabilize the country's economy. The Company also collaborates with Refinn and develops the residential loan business, in order to provide complete and convenient financial information services to potential buyers of its assets.



October 21, 2019

2. Good to society



September 2, 2019



November 14, 2019

The Company promotes its employees to develop the mindset of public services and do good things to the community and society, with the aim to allow them to truly understand the concept of sacrifice, collaboration, and unity, with a single goal of developing the community, which will ultimately strengthen a good relationship between the organization and the community. Individuals that regularly participate in the public service activities will also have the opportunity to further improve themselves, to become a kinder and friendlier person. The Company arranges various projects and activities that aim to preserve the environment, for example, the tree planting project, for the celebration of the Company's 20 years of operation; the Sea Restoration for Returning the Sea-Cow's Home Program at Trang Province, where the Company donated money for the buying of buoys for designating the Seagrass Preservation Site and worked with Mod Tanoi Community to cultivates the seagrass and collect garbages from the beach.

3. Good to customers or debtors

The Company arranges relationship strengthening activities with its customers, in order to allow them to understand and participate in the Company's society aid activities, for example, the 20th BAM RUN Thailand Wake Up, where all the revenues from this program was used for funding patients of Wat Phrabat Nam Phu, without deducting any expenses. Moreover, the Company donated an addition sum of Baht 15 million from NPAs sold to 7 governmental hospitals, namely, King Chulalongkorn Memorial Hospital, Thammasat University Hospital, Ramathibodi Hospital, Siriraj Hospital, MaharajNakorn Chiang Mai Hospital, Srinakarin Hospital KhonKaen, and SongkhlaNakarin Hospital





4. Good to shareholders

The Company arranged a press conference regarding its IPO at Sor Sungwian Intarawichai Conference Hall, on the 7th Floor of the SET, on November 22, 2019.





5. Good to employees

Besides developing its employees into good people, the Companypromotes its employees to participate in activities that will be useful.

The Company also arranges various activities that promote employees to participate and do good things to themselves and to society, as well as to improve the inter-personal relationship; for example, "Wai Phra Sukjai Krop Krua BAM Sook San Program", sports activities, such as football, basketball, chairball, etc; in order to strengthen internal relationship of the organization and the relationship with other organizations and the mass media.



Developing (good people) employees' potential

Employees are a highly-valuable resource and the core component that will bring the organization toward success and allow the Company to successfully conduct its business operation and to achieve its objectives, in accordance with its vision, mission and goal. The Company focuses on promoting, training, and developing knowledge and skills of its employees, in order to further improve their potential. The Company requires all employees to attend the training courses that are related to their duties and general training courses, whether by internal or external training programs.

The Company also has the policy to promote its employees to further expand their education, in order to improve their efficiency of their operation and to improve their potential. So they may further improve themselves and to make good progress in their career path securely. This policy also prepares the organization's personnel for the future. Also, as part of this policy, the Company arranges a scholarship program for its employees to attend master's degree education, that is, 20 scholarships per year for attending master's degree education within the country; and 2 scholarships per year for attending master's degree education abroad.

Internal training course

On the subject of organizational management

- Workshop and policy giving (regional)
- Seminar on strategic planning
- Executive development course (Mini MBA)

On the subject of successor development

- Leadership development course

Performance - based training courses

- Real estate appraisal course
- Procedures and methods for recording guarantee indent format
- Training courses on how to use the web-based assets management system of the Marketing Department
- Fundamental knowledge about assets development
- Training courses on IT Master Plan
- Training courses on Personal Information Protection Act and Cyber Security Act
- Training courses on accounting and financial reporting standard
- Training courses on fundamental knowledge of how to use Microsoft Excel
- Training courses on appraisal-related laws
- Assets appraisal
- Security inspection and evaluation project for the recognition of IT-related issues
- Training courses on Microsoft Excel 1026 Advance
- Assets appraisal (Regional appraisal sub-committee)
- Executive Summary on the Compliance consultant project
- The Eruption of Disruptive Technologies Course
- The Digital and IT Transformation Course
- Recognition of information technology-related security
- Information technology and cyber security

On the subject of anti-corruption

- Training courses on preparation of sustainability report
- Training courses on good corporate governance for executives

On the subject of organizational culture

- Seminar on Change Agent

On the subject of new employees and executives development

- Orientation for new employees
- Orientation for new executives

On the subject of language skill development

- English language skill development

Required development in accordance with the law

- Fire drill and evacuation course
- Occupational health and safety
- Earthquake response course
- Fire protection course
- Energy conservation course
- Government Procurement and Supplies Management Act

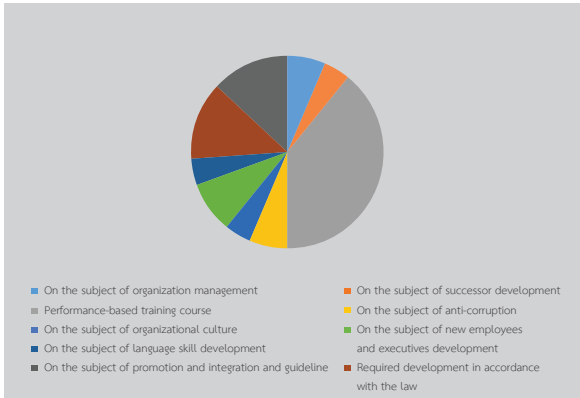
On the subject of operation guideline development and integration

- Seminar of the regional asset development teams
- Seminar of the asset development teams of the head office
- Seminar of the asset distribution teams
- Seminar of the business support teams
- Seminar of the operation support teams
- Seminar on operation summary of the head office and regional offices

External training courses

- Field of work-specific training course
- Executive seminar project (FINEX)
- Top executives development project
- Leadership Succession Program (LPS) for executives
- Advance Management Program: Aligning
- SET's IR Best Practice Advising Program
- Top executives project (CMA)
- Marketing Transformation Program (MRT)
- Preparation of top executives for the changes of Thailand 4.0
- Advance Audit Committee Program
- Marketing Transformation Program (MTP)
- Knowing the novel financial reporting standard that will be used in 2019 and 2020
- Digital Economy for Management (DE4M)
- Occupational Health and Safety Committee
- Role of the Chairman Program (RCP)





Besides arranging employees these training courses, the Company also pass on their skills, knowledge, and abilities to other employees, as well as to the community and society through seminars.



Knowledge Management Project, where BAM's ex-executives pass on their knowledge to employees.



The Company arranges lectures on the operation of NPLs / NPAs management business to its executives and employees, in collaboration with the Government Saving Bank and the Government Housing Bank

Awards and important events (2016 – 2019)

During 2016 – 2019, BAM underwent various important events and earned many awards from other organizations. These awards are the pride of our organization.

December 16, 2019



In 2019 – the Company was converted from a state enterprise into a limited company, registered on SET, known as Bangkok Commercial Asset Management Public Company Limited or BAM. The Company made its initial public offerings on SET on Monday of December 16, 2019. The opening shares price was 18.40 Baht, with the increase of Baht 0.90 or 5.14 percent from the Offering Price of its IPO, at Baht 17.50. The total trading value was Baht 1,495.24 million. The Company is the leading company in the asset management industry of Thailand, with the largest asset pool and extensive experience of over 20 years, with the support of various funding sources that are available to the Company. Also, from the past 3 years, the Company has paid the dividend consecutively.

June 7, 2018



The Company received the certification of membership with Thailand's Private Sector Collective Action Against Corruption, which certifies that the Company conducts its business efficiently and transparently.

August 27, 2018



The Company received the Outstanding Award from the Thailand Energy Awards 2018 – personnel award, for the building energy management team, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

October 3, 2017



The Company received the Decoration of Honor "An Organization with Excellent CSR", for its dedication for the corporate social responsibility-related activities, from Ministry of Social Development and Human Security.

August 21, 2017



The Company received the Outstanding Award from the Thailand Energy Awards 2017 - personnel award, for the building energy management team, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

December 6, 2016



The Company received the Outstanding Award from the Thailand Energy Awards 2016 - control building, from the Department of Alternative Energy Development and Efficiency, Ministry of Energy.

BAM – Operation Summary

In 2019, the Company is determined to become an important instrument that the government may use for NPLs management, to help debtors, to solve problems of financial institutions, to restore the real estate property industry by improving the quality of high-potential NPAs and turning them into standardized, highly sought-after products for the market. BAM is determined to conduct its business operation, in accordance with the Company's direction of growth, whether in terms of the economy, society, and environment. The Company has linked the activities of its stakeholders with the organization's strategies by allowing them to participate in the Company's operation under the sustainable development policy. The Company also cultivated the desired organizational values among its employees, under the concept of BAM TOUCH, which is used as an important factor for improving the quality of the Company's employees, and as part of the Company's sustainable development operation.

The Company focuses on conducting its business operation honestly and clearly, in accordance with its anti-corruption policy, in order to strengthen the confidence of its shareholders. The Company conducts its business operation transparently, promotes its employees to become good people, allows its customers to understand the Company's roles in taking care of and repaying the society. The Company has cultivated the power of unity in merit-making and the volunteer spirit, and by supporting and helping social activities.

The Company purchases, acquires, and manages NPLs from financial institutions, in order to help reduce the problems of bad debts in the country's economic system. For customers or debtors that are suffering from their liabilities, The Company also helps solve their problems, helps them regain their assets, and allows them to continue to have the place to live or to conduct their business. The Company has launched various projects, for example, the Voluntary Basis Restructuring, the Small Debtor Support Program (Credit card debtors), Assets Assignment for Debt Relieving Project, Aid Program for Distressed Debtors from Disasters, and Pleased to have your home back Project.

Moreover, in terms of its NPAs management, the Company emphasizes the sales of its NPAs by launching booths within various real estate fairs, including sales promotion activities, campaigns, and promotions. The Company also provides support and aids to customers of its NPAs, for example, the Asset Purchase in Installment Program a program that allows people with low income the opportunity to have their own homes and to access the loan sources. The Attractive Condo to Save Money Project for customers with low income, who want to buy their own home, to get a condo at a cheaper - affordable price, from a wide selection of high-quality condominium projects from many locations, sold at the special prices and attached with various special rights and benefits. The Energy Saving Home Project, a project that designs and builds a home with the main focus on reducing energy consumption and the effect on the environment. Lastly, the Home Safety for Residents Project, especially for elderly people. The Company is determined to help society, and in order to emphasize its strong standing on CSR, the Company has a policy to continuously promote, support, develop, and create many projects and activities that spread to every region of the country. The Company wants to repay the community, society, and environment, as it develops NPLs and NPAs, with the aim to further improve the country's economy. The Company also focuses on the 4 principles, namely, educational support, public health support, providing opportunities to distressed and disadvantaged people in society, and providing supports to other organizations, departments, and foundations, with their activities in public charity, music, sports, religion, art, culture, and environment. In order to underlie the Company's business operation policy, which recognizes society's problems, the Company determines its business operation guideline alongside its Creation of Shared Values ("CSV"), as part of its annual operation plan for 2019. The Company emphasizes the addition of economic and social values, besides creating a good image to the organization, reflects the Company's business operation guideline that goes hand-in-hand with CSV. The Company pursues this plan by conducts 5 Green Schools Project and 5 Green Community Projects in 5 regions, namely, in the Upper North (Lampang Province), the Central (Nakhon Pathom Province), the East (Rayong Province), the North East (Khon Kaen Province) and the Upper South (Phetchaburi Province). After all this time that the Company conducts its business operation while taking great care of the society, the Company believes that it will become an important force that drives and improves the country's economy, to always be secured and sustainable.

Bami

Head office and branch office

26 offices nationwide

Head office and branch office

26 office

BANGKOK

2 Offices

Upper Northern Region

4 Offices

Lower Northern Region

3 Offices

Northeastern Region

4 Offices

Cental Region

4 Offices

Eastern Region

3 Offices

Upper Southern Region

3 Offices

Lower southern Region

3 Offices




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บริษัทบริหารสินทรัพย์ กรุงเทพพาณิชย์ จำกัด (มหาชน)

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Bam

Annual Report

2019