



รายงานประจำปี
ANNUAL REPORT

2555
2012



บริษัทเงินทุน กรุงธนพจนการ จำกัด (มหาชน)

Bangkok First Investment & Trust Public Company Limited



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Summary of Financial Information

Unit : Thousand Baht	Separate financial statements		Consolidated financial statement
	2012	2011	2010
Financial Status			
Investments – net	3,784,728	3,395,758	2,184,961
Net loans to customer and accrued interest receivables	1,642,626	1,661,046	3,201,707
Deposits and borrowings	3,881,382	3,947,043	4,800,587
Total Assets	5,964,425	5,986,550	8,293,928
Total Liabilities	4,000,542	4,141,842	5,040,185
Owners' equity	1,963,883	1,844,708	3,253,743
Paid-up capital	1,000,000	1,000,000	1,000,000
Number of shares (Thousand shares)	200,000	200,000	200,000
Performance			
Interest income	328,626	290,738	303,972
Dividend income	33,811	38,098	30,272
Net Fees and services income	4,950	8,521	144,742
Net gain (loss) on investments	18,637	629,447	21,940
Others income	7,753	955	6,163
Total income	393,777	967,759	507,089
Net income	238,953	841,993	421,179
Net earnings	96,100	342,738	70,599
Financial ratio			
Net profit margin (%)	24.40	35.42	13.16
Return on Equity (%)	5.05	20.25	2.21
Return on Total Assets (%)	1.61	5.54	0.86
Par value per share (Baht per share)	5.00	5.00	5.00
Earnings per share (Baht per share)	0.48	1.71	0.35
Dividend per share (Baht per share)	0.30	0.40	0.20
Book value per share (Baht per share)	9.82	9.22	16.27
BIS Ratio (%)	44.73	37.91	33.59
Net Capital Rule Ratio (%)	-	-	1,001.79

* As at July 21, 2011, the Company has sold the total share held of the subsidiary. Therefore, the consolidated statements of financial position as at December 31, 2011 and at December 31, 2012 were not presented.



Message from Chairman of the Board of Directors

Economic Overview

Thai Gross Domestic Product (GDP) in the first quarter of 2012 showed recovery from the 2011 flood and had been continually extending throughout the year 2012 due to expansion in household and government expenditures as well as investments in fixed assets. As a result, Thai GDP grew 6.4% over the year 2012 comparing to only 0.1% in 2011. Core Inflation decreased steadily from 2.75% in January to 1.78 in December. Also, Policy Rate stipulated by Monetary Policy Committee (MPC) of the Bank of Thailand moved from 3.25% to 2.75% at year end.

Financial Status and Performance

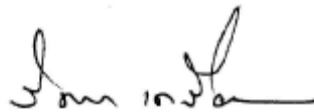
As at 31 December 2012, the Company had total asset of 5,964.42 million Baht which dropped by 0.37% from the previous year. Total investment asset increased by 11.45% from 2011 while interbank transactions and net lending decreased. As a result, public borrowing decreased by 3.41% from 2011. However, expansion in investments and their appreciation in asset values increased the Company's shareholder equity by 6.46%

The Company's performance showed 173.80 million Baht in net interest income which increased by 5.35% and gross interest income from investment and lending increased 13.03% from the previous year. Including dividend revenues, the Company earned profit before tax for 140.51 mill Baht comparing to 90.05 million Baht profit before tax excluding one-time gain from the sale of subsidiary and lending provision expenses in 2011 or increased by 56.04%. Net profit after tax for 2012 was 96.10 million Bath comparing to 342.74 million Baht in 2011 or dropped by 71.96%

Business Outlook in 2012

Thailand's business and economic outlook in 2013 is expected to continually expand while core inflation is expected to be in the national policy's range. As a result, yields in capital markets are expected to be stable. Risk of new non-performing loans is also expected to be low. The Company continues to focus on asset quality which provides proper return and maintain sufficient liquidity. The Company, therefore, has confidence that the Company will be able to successfully operate all businesses and constantly strengthen the financial status.

On behalf of the Board of Directors, on this occasion, I would like to express gratitude towards all shareholders, clients and staffs for their supports and trusts always granted to the Company.



Professor Dr. Wissanu Krea-ngarm
Chairman of the Board of Directors

Board of Directors



Professor Dr. Wissanu Krea-ngarm
Chairman of the Board of Directors



Professor Sakorn Suksriwong, DBA
Vice Chairman and
Chief Executive Officer



Mr. Thira Wipuchanin
Chairman of the
Audit Committee



Associate Prof. Dr. Siriwut Buranapin
Member of the
Audit Committee



Mr. Thanapol Sirithanachai
Member of the
Audit Committee



Mrs. Kingthien Bang-Or
Director and
Acting Managing Director



Mrs. Tida Chonlavorn
Director



Mr. Vorakit Srangsiwong
Director



Mr. Thititham Rojanapruk
Director

Report of the Audit Committee

The Audit Committee of Bangkok First Investment & Trust Public Company Limited consists of 3 independent directors:

Mr. Thira Wipuchanin	Chairman of the Audit Committee
Assoc. Prof. Dr. Siriwut Buranapin	Member of Audit Committee
Mr. Thanapol Sirithanachai	Member of Audit Committee (Effect as of May 9, 2012)
(Mr. Vatana Supornpaibul member of Audit Committee until April 23, 2012)	

The Audit Committee performed its duties and responsibilities, as assigned by the Board of Directors, supervising and overseeing the Company's state of affairs, to ensure that the collective body of Management and Executive Directors acted with accountability towards shareholders and executed their duties with honesty, responsibility, and in accordance with Company's policies. The Committee held a total of 4 meetings in the fiscal year 2012, all of which were convened with full attendance. At those meetings, the Committee discussed and shared opinions with senior management, internal auditors and the external auditors on matters related to the Company's business, which can be summarized as follows:

1. Reviewed quarterly and annual financial statements of the Company for 2012, which had already been reviewed and audited by the external auditor, before submitting them to the Board of Directors for approval. The Audit Committee inquired into the accuracy and completeness of financial statements of the external auditor and Management, and the adequacy of financial disclosure. In addition, the Audit Committee considered and acknowledged the management letter and audit approach for the external auditor's 2013 financial statements. The Audit Committee came to the conclusion that internal control of the financial reporting process was adequate to ensure that such financial statements represented the Company's financial status and operating results accurately, that they were in accordance with legally defined accounting principles, and that they were adequately and promptly disclosed for the benefit of investors and users of such statements when making investment decisions.



2. Reviewed the Internal Control System in its evaluation of the sufficiency and effectiveness of the Company in accomplishing its goals. The Audit Committee considered the Internal Audit Report for 2012, according to the approved Internal Audit Action Plan, of essential business procedures. There were no significant errors in internal control. In addition, the Audit Committee evaluated the Company's Internal Control System, which consisted of management control, financial control, and compliance control adhered to code of conduct of the Securities and Exchange Commission and Bank of Thailand. The Audit Committee made a resume that the Internal Control System was adequate and implementing effectively with regards to the internal environment, risk assessment, control activities, good information and communication systems, and precisely monitoring system.
3. Reviewed the company's compliance practices to ensure that the company strictly complied with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other relevant regulatory and legal requirements i.e. Securities and Exchange acts, regulations of the Securities and Exchange Commission, the Capital Market Supervisory Board, Bank of Thailand, Anti-Money Laundering Office and Deposit Protection Agency, including others related regulatory and legal requirements. The Audit Committee insisted that the Company had complied with all applicable regulatory requirements.
4. Considered the nomination and appointment of the external auditor and the annual audit fee for 2013 to seek approval from the Company's Board of Directors for the 2013 General Shareholders' Meeting. The Audit Committee reviewed the independence, performance, and services of the external auditor including the audit fees, and judged that the external auditor gave useful opinions and recommendations regarding financial reporting and internal control. Therefore, the Audit Committee proposed that an external auditor from D I A Ltd. be appointed the Certified Public Accountant of the Company for 2013. This recommendation was made to the Board of Directors prior to being presented at the General Shareholders' Meeting.
5. Reviewed connected transactions executed by the Company with related parties who were regarded as having a conflict of interest, and reviewed the sufficiency of the disclosure of these transactions in accordance with the requirements of the Stock Exchange of Thailand. The Audit

Committee reached the conclusion that the previously mentioned transactions were conducted by Management fairly and priced with a view to giving the utmost benefit to the Company at an arm's length basis, and that they were accurately and adequately disclosed.

6. Executed internal audit, The Audit Committee reviewed the mission, scope of work, accountability and responsibility, independence, and authority of internal audit activities including the organization of and manpower within the Internal Audit Department. In addition, the Audit Committee reviewed internal audit reports every quarter and reviewed the results of internal audit performance. The Audit Committee approved the Internal Audit Action Plan for 2013 came to the conclusion that the Internal Auditing System was performed independently, adequately, and effectively, and incorporated continuous improvement of internal audit processes and human resources to follow international standards.

In 2012, the Audit Committee had one meeting with the External Auditor without the management attending. The Audit Committee exercised its judgment and independently fulfilled its duties and responsibilities with sufficient competency, with circumspectness, and with full access to information from Management, employees, and relevant persons. The Audit Committee also gave comments and recommendations on the equitable treatment of stakeholders.

In summary, the Audit Committee is of the opinion that the Board of Directors, Management, and executive directors have operated with ethical mind and have the intention of performing duties professionally to achieve the Company's goals. Furthermore, the Company has committed itself to importance of business principle under an effective Internal Control System. In addition, the Company has established a concise and appropriate Risk Management System and has effective corporate governance.



(Mr. Thira Wipuchanin)

Chairman of the Audit Committee



General Information

Name and address of the Company

Bangkok First Investment & Trust Public Company Limited (BFIT)

Registration No. : 0107536000722
Type of Business : Finance Business
Head Office : 23rd Floor, Bangkok Insurance Building,
25 Sathon Tai Road, Thung Mahamek, Sathon, Bangkok 10120
Tel : 0-2677-4300
Fax : 0-2677-4301
Website : www.bfit.co.th

Formerly as at December 31, 2010, the Company held 48.87 percent in BFIT Securities Public Company Limited. This subsidiary is also listed on the Stock Exchange of Thailand.

Subsequently on July 21, 2011, the Company has sold the total shareholding in the subsidiary to OSK Investment Bank Berhad, Malaysia therefore, the Company has no more subsidiary since then. However the financial statements for the accounting year ended December 31, 2011 included only the results of operation of the subsidiary for the period up to the selling date.

Other References

Share Registrar

Thailand Securities Depository Company Limited
62 The Stock Exchange Building, 4th, 6th-7th Floor, Ratchadapisek Road
Klongtoey Sub district, Klongtoey District, Bangkok 10110
Tel. 0-2229-2800

Auditors

Auditors for the year 2012 :

Mrs.Suvimol Krittayakiern , Certified Public Accountant (Thailand) No. 2982 and/or

Mrs.Vilairat Rojunckarin , Certified Public Accountant (Thailand) No. 3104 and/or

Miss Somjintana Polhilunrat, Certified Public Accountant (Thailand) No. 5599

D I A International Audit Co., Ltd.

316/32 Sukhumvit Soi 22, Sukhumvit Road,

Klongtoey, Bangkok 10110

Tel. 0-2259-5300

Audit Fee

For Examination of the financial statements of

the Company for the year 2012

Baht 1,500,000

Non-Audit Fee

For Special auditing and reporting to

the Bank of Thailand

Baht 200,000

Legal advisor

- None -



Type of Business

BFIT holds four finance licenses as follows:

- Business of finance for commerce
- Business of finance for development
- Business of finance for disposition and consumption
- Business of finance for housing

Moreover, BFIT is approved to act as debenture holder representative and/or trustee.

Income Structure

Income structure	Separate financial statement		Consolidated financial statements			
	2012		2011		2010	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Interest income						
Interbank and money market items	19.77	5.02	36.47	3.80	25.57	4.74
Investments in debt securities	142.94	36.30	94.33	9.83	71.47	13.23
Loans	165.84	42.11	159.80	16.65	206.22	38.18
Hire purchase	0.08	0.02	0.14	0.01	0.71	0.13
Total interest income (1)	328.63	83.45	290.74	30.29	303.97	56.28
Interest expense						
Deposits	80.09	20.34	70.87	7.38	58.10	10.76
Interbank and money market items	-	-	0.11	0.01	3.67	0.68
Contribution fee to FIDF and the Deposit Protection Agency	17.29	4.39	11.39	1.19	17.56	3.25
Debt securities issued and borrowings	57.44	14.59	43.39	4.52	3.43	0.64
Borrowings fees	-	-	0.01	0.01	3.15	0.58
Total interest expenses	154.82	39.32	125.77	13.11	85.91	15.91
Net interest income	173.81	44.13	164.97	17.18	218.06	40.37
Fees and services income						
Brokerage fees	-	-	-	-	163.02	30.18
Acceptances, aval and guarantees	0.28	0.07	0.65	0.08	1.02	0.19
Others	4.67	1.19	7.87	0.82	13.72	2.54
Total fees and services income (2)	4.95	1.26	8.52	0.90	177.76	32.91

Income structure	Separate financial statement		Consolidated financial statements			
	2012		2011		2010	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Net gain (loss) on investments						
Gain (loss) on selling investments	20.76	5.27	629.80	65.62	21.97	4.07
Loss on impairment of investments	(2.12)	(0.54)	(0.35)	(0.04)	(0.03)	(0.01)
Net gain (loss) on investments (3)	18.64	4.73	629.45	65.58	21.94	4.06
Other operating incomes						
Dividend income	33.81	8.59	30.10	3.13	30.27	5.61
Others income	7.75	1.97	0.95	0.10	6.16	1.14
Total other operating incomes (4)	41.56	10.56	31.05	3.23	36.43	6.75
Total income (1) + (2) + (3) + (4)	393.78	100.00	959.76	100.00	540.10	100.00

* As at July 21, 2011, the Company had sold the total shareholding in the subsidiary. Therefore, the consolidated statements of comprehensive income for the year ended December 31, 2011 included only the results of operation of the subsidiary for the period up to the selling date which presented as profit from discontinued operations by Baht 23.24 million.

Business Operation

The businesses of BFIT are separated pursuant to licenses as follows:

- Public Borrowing
- Lending
- Debenture Holder Representative
- Treasury and Investment in Securities

Public Borrowing

BFIT raises fund from general public, in the form of deposits in order to support the government's policy of encouraging people to pay more attention to their savings and investment in various forms. BFIT provides several types of deposit such as deposit receipts, promissory notes and bill of exchange for general public, corporate entities, foundations and associations. As to the term of



deposits are made available for client's need, may be at call or time deposits ranging from 1 month, 3 months, 6 months, 12 months etc. with appropriate interest rate according to the existing economies situation, the company's liquidity and the interest rate and yield of return in the money market as a whole.

Lending

Commercial Lending

BFIT provides a wide range of commercial loan facilities to its clients, such as loans for working capital with various short-term maturities and/or loans to finance inventory or receivables.

Medium and long term loan facilities are also available to finance expansion or capital expenditures, both through direct lending or loan syndication. Interest rates on all facilities can be established at fixed rate, floating rate or the combination of fixed and floating rate throughout the life time of the facilities. In addition, BFIT also provides aval and guarantee facilities to its clients.

Project Finance

BFIT also provides credit facilities for newly established entities as well as expansion projects of existing establishments that will be beneficial to the economic of the country. Short term, medium term and long term loan facilities are available to match with the necessity and suitability of each type of business. Credit facilities may provide directly by BFIT or through loan syndication. To support and to be in line with the government's policy, project finance for SME business is also included in this category.

Personal Loans for individuals

BFIT provides personal loans for purpose of personal consumption which is similar to staff loans that employers provide for their employees. This loan facility is available to all levels of employees who have been worked or employed for a certain length of time with companies that have provident fund management. For those employers who are looking for a very special low interest rate to accommodate staff welfare, this personal loan facility is an excellent choice to serve employees' needs. We offer tenors of repayment from short term, medium term or long term depending on the borrowers' needs and their ability to repay the debts.

Debenture Holder Representative

As a debenture holder representative, BFIT offers service on behalf of debenture holders to monitor the issuer's compliance with the terms and conditions of the debentures for the benefits of debenture holders. (End of March 2013)

Treasury and Investment in Securities

BFIT invests under proprietary accounts in a wide range of securities classes. BFIT focuses mainly in marketable securities such as government and state-owned enterprise bonds, corporate bonds and bill of exchange, listed common shares and listed property funds and also holds investments in non-listed common shares. BFIT as an investor also participates collateralized repurchase transactions with the Bank of Thailand and commercial banks.

Significant Changes and Developments in 2012

The Annual General Meeting of Shareholders no. 47 appointed Mr.Thanapol Sirithanachai and Mr.Thititham Rojanapruk as directors



Market and Competition Condition

Finance Business Condition in 2012

As of 31 December 2012, there were 2 finance companies, Advance Finance Company Limited and Bangkok First Investment & Trust PCL, having total asset of 9,983 million Baht or 4,991 million Baht per company. The combined net lending was 3,966 million Baht or 1,983 million Baht per Company while the combined net investment was 4,732 million Baht or 2,366 million Baht

Finance Business Outlook in 2013

During this decade, finance companies have merged and upgraded to be full-scale commercial banks and retail banks. As a result, the number of finance companies in 2012 decreased to 2 players. Major business of finance companies, according to their financial statements, focuses on investment in securities. In regard to business loans, financial companies still focus on retail and SMEs clients. Funding of finance companies will ongoing compete with asset management companies which offer tax advantage to investors as well as with medium banks and other finance companies.

Interest Rate Condition in 2012

The policy rate of the Bank of Thailand (“BOT”), which is 1-Day repurchase rate, decreased twice during the year 2012 from 3.25% p.a. to 2.75% p.a. and have maintained until this moment (February 2013)

The yield of government debt securities, which is used as a base yield of corporate debt securities, moved unstably throughout the year. 2-Year government bond yield decreased from 3.10% p.a. in January to 2.80% p.a. at year end while surged up to 3.35% p.a. during the year. 10-Year government bond yield moved from 3.35% p.a. in January to 3.85% p.a. in April and moved in sideways then dropped to 3.60% p.a. in December.

The average deposit rate of commercial banks increased slightly from 1.73% p.a. in the first quarter to 1.86% p.a. in the fourth quarter.

Interest Rate Outlook in 2013

BOT anticipates that core inflation will decrease from 2.1% in 2012 to 1.7% in 2013 (according to Monetary Policy Report of BOT as of January 2013). The policy rate, therefore, is likely to move in line with core inflation.

The yield of short-term debt securities is likely to move in a narrow band in line with the policy rate while the yield of long-term debt securities may rise further providing that the financial market can gain confidence in overall economic condition.



Risk Factors

1. Strategic Risk

Strategic risk means the risk arising from the strategy and the implementation of the strategy is not appropriate or inconsistent with the internal and external environment. This could impact negatively on the income and capital of the company

The company has focused on the issue of risk management and efforts to reduce or control such risks to acceptable levels. The key points are summarized as follows

1.1 Qualifications of the Board of Directors and senior management

The company's Board of Directors and senior management with full an understanding of the overall economic and competitive conditions. The BOD has assign goals and policy of the business. Including, responding in strategic planning and organizational management. The BOD and senior management of companies in the current series can be considered as a qualified professional with knowledge and skills. The Independent Directors to expand the view of business and The Audit Committee will monitor the administration to be more careful. In addition, The Nomination and Remuneration Committee will help refine the properties and suitability of individuals to take the position.

1.2 Strategic planning and implementation

The company has a strategy and implementation plan by the executive department to identified risk factors that cause internal and external. And assess the impact that will occur. As well as providing strategic and business plans during the 3 years plan and perform regularly at least once a year to be consistent with economic and other external factors. Moreover, the company's emergency plan can be support the crisis and to keep the business of the company to continue to deal with a crisis.

1.3 Adequacy of capital fund

The company's capital fund is utilized in loans and investments through the most proper effective allocation of funds to make sure that risks are managed at low level. The company has maintained the ratio of capital to risk assets higher than the Bank of Thailand has always been. At the end of 2012, the company has a capital fund of 1,755.66 million baht or 44.73 percent of risk weighted assets which has a number of 3,925.26 million baht, compared to the minimum rate is set at 8 percent found that the risk factors in a matter of very little capital. It also has potential to expand loans and investments that may arise in the coming decade.

1.4 Regulation risk

The principal activity of the company is the finance business. It operated under the supervision of the Bank of Thailand. The company is also the listed company in the Stock Exchange of Thailand and has an obligation to practice in accordance with the rules of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. Therefore, if changes in regulations and guidelines of various regulatory agencies may affect the company's target, capability and competitiveness. However, if changes are flexible and conform to the situation, the company is confident that this can be managed properly.

During the year 2012, the significant factors that affect to operation are the followings.

- The newly notification issued by the Office of the Securities and Exchange Commission to supervise the issuance of bills is more stringent. Therefore, the company has restrictions on the issuance of promissory notes.
- These are fees that the initial deposit by the Ministry of Finance. Has met with representatives of the Bank of Thailand and financial institutions in the tariff of deposit. Its rate is 0.47 percent per year from the original store at 0.40 percent per year.
- The extension period of insured deposit coverage of 50 million baht for 3 years until August 2015, making the competition for deposits among financial institutions is reduced.



However, the company has a policy of strict management of assets and liabilities. Regard to increases the rate of return on investment and the cost of business is increasing dramatically. As a result of, the company's operating results and financial position of the firm.

1.5 Risk of competition

Industry Competition is arising. Many large banks have offered more banking services to small and medium enterprises (SME). Their more advantages compared to the company are lower interest rate, covered service branches, various products and flexible procedures and conditions of credit approval.

2. Credit risks

Credit Risk is defined as the possibility of the counterparty fails to comply with its obligation to the company which would be negatively impact on the company's income or capital fund. In managing credit risk, the company has carefully established business policy by giving special attention to the quality of loans rather than credit growth. In addition, the loans shall be spread over to various industrial sectors. The company also evaluates and analyzes each customer thoroughly and regularly. By using risk assessment approach from various information such as objective of the loan, type of business, industrial condition, strength/weak points of the customer, operating performance, stability of financial position, quality of assets, operating cash flows and types of collateral values.

2.1 Concentration of Loan Risk

The company has provided commercial loans to various kinds of business sectors and lending must not be concentrated in a particular industry in order to mitigate risk. As of the end of year 2012, the company's lending portfolio is diversified as follows:

Loan classification by type of business	Million Baht	Proportion (%)
-Manufacturing and commerce	285.11	12.74
-Real estate and construction	190.03	8.50
-Public utilities and services	263.97	11.80
-Personal loan	1,124.67	50.27
- Others	373.32	16.69
Total	2,237.10*	100.00

* Excluding accrued interest

Besides, the amount of corporate loan to a single client is not high. As Top-10 borrowers of corporate loans represents 27.37 % of the total credit portfolio and there is no lender with exposure exceeding 5 % of the total credit outstanding. At the same time, Personal loans which are mostly provided to employees of companies or factories that have established provident fund scheme covers a large numbers of employers. Normally, this credit type has low amount of loan per contract but a massive numbers of borrowers whose employers are in a wide range of various industries thus can be regarded as a good risk diversification.

2.2 Lending risk and Non-performing loan (NPL)

These non-performing loans can be classified as sub-standard, doubtful and doubtful loss. The increase in non-performing loan will affect earnings and the company's capital fund.

The company gives priority concern on the quality control of credit rather than quantity of credit. The company will ask for collateral as security against the loan for bearing the losses that may occur in the future.

Although the company is cautiously aware in lending but there is still some credit risk. Being affected by external factors, some customers are unable to pay on dues. However, the company has tried to solve the problem with its clients by debt restructuring so as to minimize any losses while customers are still able to operate their businesses. As of December 31, 2012 the company's NPL stood at 439.79 million baht, representing 17% of total credit outstanding and loans to financial institutions 2,587.10 million baht. (compared with 2011's NPL of 555.09 million baht, representing 17.71%.)



Loan classification	Million Baht
- Normal	1,557.99
- Special mention	239.32
- Sub-standard	85.50
- Doubtful	85.26
- Doubtful loss	269.03
Total	2,237.10

At the end of 2012, the company has total provision of non-performing loan of 594.41 million baht which was 415.40 million baht higher than the BOT's minimum requirement of 179.01 million baht or having provision of 3.32 times of BOT's minimum requirement. Therefore, it is expected that the company's provision would be sufficient to accommodate any damages that may occur in the future.

2.3 The risk of impairment of collateral

Currently, the company has collateral both in the forms of movable and immovable assets of which collateral values may change depending on the economic situations. A recession or depression in the economy might result in lower values, which would require the company to reserve higher loan loss provisions. It also reduced the amount of money received from selling the foreclosed assets. Such factors can affect the company's operating and capital funds. However, the company has regularly appraised the value of collateral in order to determine the real value of the collateral as well as ability to set up tactics and strategic plan to be in line with changes in credit risk.

2.4 Credit risk of investment

The company's investments in debt securities were 3,285.61 million baht, an increase from the same period the previous year's 284.38 million baht. It s compose of government bond 982.22 million baht and bonds 2,303.39 million baht. All investments in debt securities of company considered to be credit ratings in the high rating at "AA-". But if only part of bonds as a credit average at "A" level, which is higher than the minimum investment grade. In addition, there

have a distribution in each sector and with a due date. For subordinated debentures of the company for the provision or section of the impairment loss is removed from the account (the company has full provision for 1.27 million baht in debt securities held-to-maturity). At the same time, the company's investment portfolio is unlikely to become non-performing assets in the near future.

The investment company is to meet with the approval of the company and regulations of the Bank of Thailand. The company invested only in approved securities in accordance with the level of risk. And in case of investments in debt securities that have been approved already, the financial position and credit rating of issuance will be considered at the time. Although still in the time limit has been approved to invest in it. Moreover, the limits are reviewed annually invested in debt securities.

3. Market risk

Market risk is the risk arising from the revaluation of financial instruments due to changes in the financial markets. Such as interest rate movements, foreign currency exchange rates. This could impact negatively on the income or capital of the company.

3.1 Interest rate risk

Changes in market interest rates have a direct impact on net interest income and economic value of the company. Most of assets and liabilities are financial assets and liabilities that are sensitive to interest rate changes. So it will have an impact on the amount of revenue and financial costs of company. The company has followed the trends and conditions of interest rate movements closely. The assessment of vulnerability and volatility of interest rates in order to manage interest rate and term loans and deposits. The structure of assets and liabilities according to circumstances at the time the company has reduced the risk of interest rate changes. The interest rate loans are mostly floating.

Furthermore, although the company still has no plans to change the structure of assets and liabilities significantly now. But the other factors than management and forecasting such as



money flowing into the country a lot. May be pressure on domestic interest rates and the company is likely to interest rate risk is moderate.

3.2 Price risk

Changes in the prices of both debt and equity securities is results in fluctuations in operating results and capital of the company in terms of quality. The company has diversified into various types of securities and good fundamentals securities.

Duration control of the company's debt for achieves a balance between yield and market price risk and enable to comply with the investment rate of return on the market that change very well. For equity, the company remains committed to invest carefully. Mainly by investing in equity securities type of property fund has paid dividends every quarter and low market volatility. The company has to keep track of prices and fundamentals of each investment on a regular basis.

Quantitatively, the company uses Value at Risk statistical instrument at 99 percent confidence interval to assess market risks by evaluating investment values that can potentially be at loss within 1-day holding period. Moreover, the company has also done Back Testing and Stress Testing according to Bank of Thailand's guideline.

4. Liquidity risk

Liquidity risk will arise when the company cannot make payment on its debt when it is due since it cannot convert assets to cash or manage to find adequate funds within the time frame or incur improper costs.

The company has closely monitored, reviewed and evaluated liquidity status by using risk control system and daily financial status report and presented them to the Managing Director every day. The Asset and Liability Management Committee will setting up monthly meeting to consider the liquidity situation. In case of an emergency situation and circumstances, the company plans to provide emergency liquidity and the procedures. And testing case of depositors to withdraw funds deposited.

From the balance sheet, as 31 December 2012 the company's financial assets and financial liabilities classify by maturity are followings.

(Unit: Million Baht)	Not more than 1 year	Over 1 year
<u>Financial assets</u>		
- Cash and deposits at financial institutions	482.0	-
- Net investments	1,429.6	2,355.1
- Financial business loans and receivables*	542.9	1,374.0
Total Financial assets	2,454.5	3,729.1
<u>Financial liabilities</u>		
- Borrowings and deposits	3,666.8	11.6
- Securities business payables	202.9	-
Total Financial liabilities	3,869.7	11.6

* Excluded Non-performing loans

The above data shows that the company has a risk of inconsistency of assets and liabilities and short-term financial maturity. Mainly source of funds, borrowings and deposits may not exceed one year, which is typical of the deposit. However, for the most of its depositors continue to deposit (rollover). It shows that the liquidity risk of the debt is expected to be managed. In addition, most of the investment securities are in the secondary market trading in the market and the company can also use loans from other financial institutions on the demand for emergency money.

The Bank of Thailand requires that financial institutions must maintain liquid assets of not less than 6.0 percent of total deposits received from people both inside and outside the country, at the end of 2012 the company has liquid assets at 37.18 percentage.

In 2012, the company's focus on liquidity policy by maintains a high level of liquid assets as possible. For the excess liquidity, has invested in quality investments and secondary market trading, which can be converted into cash immediately. In addition, the financial provision to other financial institutions as a source of additional funds to support the liquidity problems.



The company concentrated on the issue of validity Deposit Protection Agency in reducing the amount. This able to create problems and affect the liquidity of financial institutions. Therefore, the company has DPA Stress Test model to limit the impact of deposit protection.

5. Operation risk

Operational risks incurs by inefficiency of internal business processes, personnel, business procedures, external factors and legal risks which can affect company's revenue and capital.

The company focuses on operational risk management very seriously. These precautions are based on the company's business. Such as transactions of the complex, number of staff, the separation of duties in each sector and a clear chain of command. Moreover, the company has strong internal controls, the separation in functional, information systems and reporting are accurate and reliable. The company was not found the damage caused by corruption. But there is an error of some practitioners have been modified and restructured in a timely manner, this is common in the business and not is damaged significantly. The company continues to focus on operational efficiency to reduce losses and usually improving in working methods. This improves to comply with regulatory changes and taking into account the potential errors in the work to ensure the smooth operation of the operating results and creating value for the company.

Management

The executives have the knowledge and an experience in business transactions and operations as well. The most of the employees work for a long time, it refers to experienced and familiar with the responsibilities as well. The company policy is to transfer knowledge and experience, including the decentralization of management to middle management more, to reduce the risk of non-continuous administration. Moreover, the company's auditors must be given flexibility in auditing business performance by reporting under audit committee which comprises of experienced personnel who holds authority to internal and financial controls. This is to ensure smooth and transparent processes under complied codes of conduct.

The personnel

The company is a small financial institutions, personnel management is not complicated. There are clear rules and procedures. There have preparation of personnel to support the retirement of personnel. The material in management training of staff is important things for changing business environment.

Information technology

Information technology is critical to operation and is a key factor that enhances the performance of employees. The company has realized the damage that may occur and may affect the performance of employees. So prevent to risk of computer equipment by preparation of contingency plans, the data backup and computer backup systems. The major computer company has developed and used for a long time, its able to the needs of users and the operation.



Capital and Shareholding Structure

Capital

Authorised capital Baht 1,500 million,
dividend into 300 million shares of Baht 5 par value

Issued and paid-up capital Baht 1,000 million,
dividend into 200 million shares of Baht 5 par value

Major Shareholders

Top ten major shareholders as of 23 March 2012 are as follows:

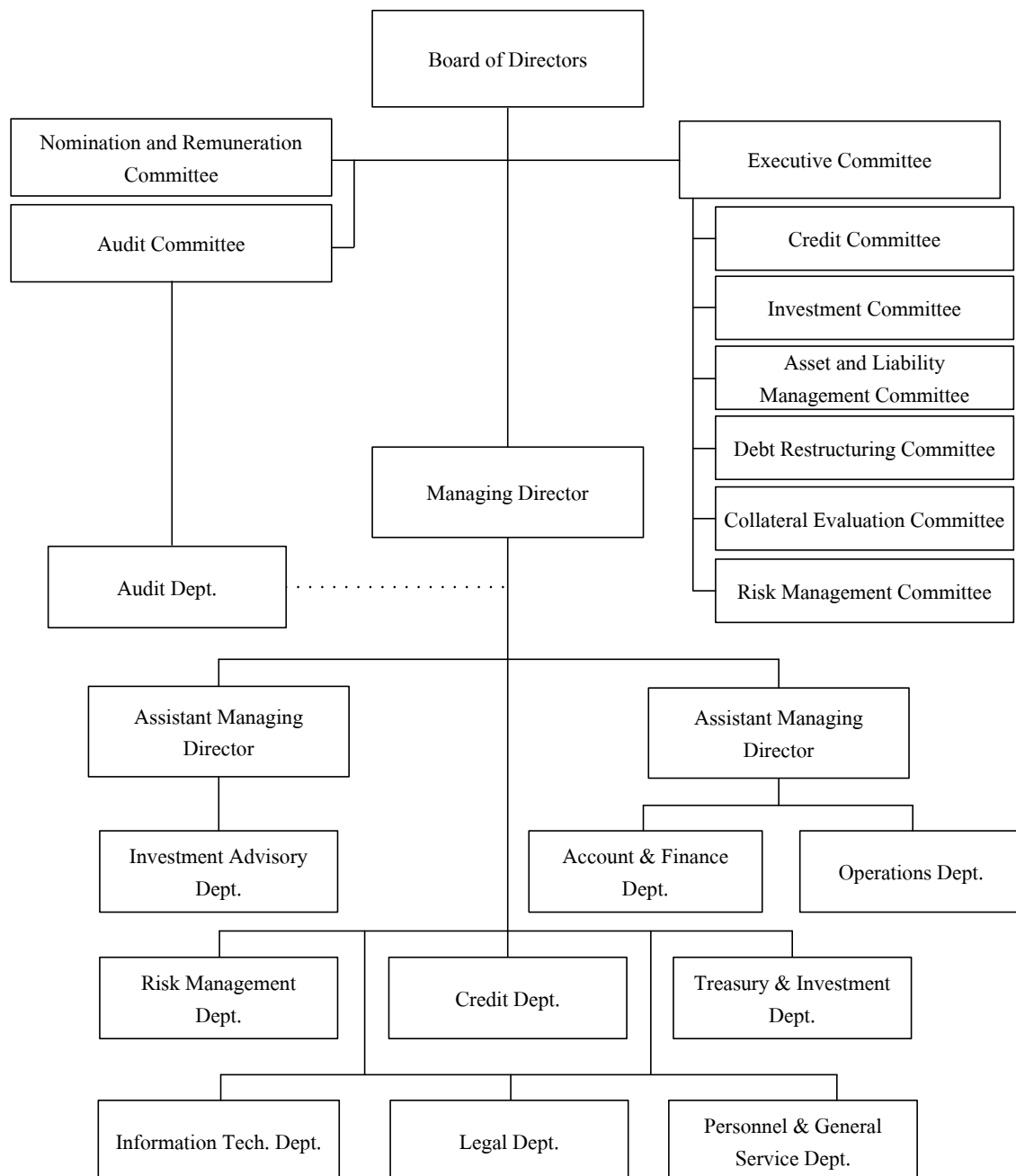
	Name	Number of shares	% of Holding
1.	Mr.Vorajate Indamra	9,920,000	4.96
	Mrs.Phirada Indamra	9,734,000	4.87
	Mrs.Tassanee Indamra	9,700,000	4.85
	Total	29,354,000	14.68
2.	CREDIT SUISSE AG, SINGAPORE BRANCH	10,211,600	5.11
3.	Mr.Siritaj Rojanapruk	9,993,600	5.00
4.	Ms.Kanoknui Chulwanit	9,970,000	4.99
5.	Ms.Saowakon Limaksorn	9,940,000	4.97
6.	Mr.Somyos Vinitchaikul	9,901,000	4.95
7.	Mr.Luchai Phukhuan-Anadha	9,820,000	4.91
8.	Ms.Supida Chatrapiruk	9,740,000	4.87
9.	Mrs.Vilailuck Vikitset	9,040,000	4.52
10.	Ms.Supaporn Ahunai	7,000,000	3.50

Source: Thailand Securities Depository Co.,Ltd.

Dividend Policy

The Company has the policy of paying dividend not lower than 40 percent of the company's net profit by taking into consideration the adequacy of capital funds to support the company's operations, including economic necessity and the Company's financial position.

Organization Chart





Management

Management Structure

The Company's management structure consisted of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

The Company also has a number of committees responsible for each business sectors or important functions i.e. the Credit Committee, the Investment Committee, the Assets and Liabilities Management Committee, the Debt Restructuring Committee, the Collateral Evaluation Committee, and the Risk Management Committee. These committees have the authorities stipulated by the Company's board of directors with management teams to oversee each business or each function in order to operate properly and in line with the rules, regulations, relevant laws as well as the plans and policies that approved by the Company's board of directors.

Authority of the Board of Directors

The Board of Directors, in conducting the business of the Company, shall comply with laws, objectives of the Company, articles of association of the Company, code of ethics and resolutions of the shareholders' meetings, and summon general meetings of the shareholders of the Company, both ordinary and extraordinary.

As of December 31, 2012, the Company's board of directors consisted of 9 directors as listed below:-

- | | |
|---|---|
| 1. Prof.Dr.Wissanu Krea-ngam | Chairman of the Board of Directors (Independent Director) |
| 2. Prof. Sakorn Suksriwong,DBA | Vice Chairman of the Board of Directors |
| 3. Mrs.Kingthien Bang-Or | Director |
| 4. Mrs.Tida Chonlavorn | Director |
| 5. Mr.Vorakit Srangsiwong | Director |
| 6. Mr.Thititham Rojanapruk ¹ | Director |
| 7. Mr.Thira Wipuchanin | Independent Director |
| 8. Assoc.Prof.Dr.Siriwut Buranapin | Independent Director |
| 9. Mr.Thanapol Sirithanachai ² | Independent Director |

Note : ¹ Appointed as approved by the Company's No.47 AGM of shareholders, held on April 23, 2012.

² Appointed in substitution of Mr.Vatana Supornpaibul (resigned by rotation on April 23, 2012) as approved by the Company's No.47 AGM of shareholders, held on April 23, 2012.

Corporate Secretary and Board of Directors Secretary is Mr.Sakunphat Jirawuthitanant

Authority and Responsibilities of the Audit Committee

The Audit Committee appointed by the Company's board of director for a three-year tenure has duties and responsibilities as follows:-

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,



-
- (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
7. Clearly specify duties of the Audit Committee, change of the Committee's composition, and any changes which have material impact on the operations of the Audit Committee in writing, upon approval of the Board of Directors, and disclose in the Bank's Annual Report for shareholders' acknowledgement.
8. To report to the Board of Directors so that the board can rectify the issues within the timeline specified by audit committee on the following findings or suspected transactions or actions:
- (a) Conflict of interest;
 - (b) Fraud, possible fraud, or significant deficiency of internal control;
 - (c) Breaching of the applicable laws and regulations.

In case where the Board of Directors or Executive Management failed to rectify the issues within the specified timeline, audit committee shall report such deed to the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and disclose in the Company's annual report.

9. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

As of December 31, 2012, the Audit Committee comprising 3 members of independent directors as follows:

- | | |
|------------------------------------|---------------------------------|
| 1. Mr.Thira Wipuchanin | Chairman of the Audit Committee |
| 2. Assoc.Prof.Dr.Siriwut Buranapin | Member of the Audit Committee |
| 3. Mr. Thanapol Sirithanachai * | Member of the Audit Committee |

Note : * Appointed in substitution of Mr.Vatana Supornpaibul (resigned on April 23, 2012) as approved by the Company's 2/2012 BOD meeting, held on May 9, 2012.

Mr.Thira Wipuchanin is a member of audit committee who having sufficient knowledge and experience to review the reliability of the Company's financial statement.

Authority and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee appointed by the Company's board of director for a three-year tenure has duties and responsibilities as follows:-

1. Stipulate policy, guideline and procedure to nominate directors and high level management from the position of Assistant Managing Director or higher in order to present to the Company's board of directors to consider and approve.
2. Screen and submit the names of persons that are qualified for the following positions in order to nominate to the Board of Directors:-
 - (a) Directors
 - (b) Higher level management from Assistant Managing Director upwards.
3. Oversee that the size and structure of the Board of Directors are adapt to the organization and can be adjusted to the changing environment by which the Board of Directors comprises of knowledgeable, capable and experienced persons in various fields.
4. Stipulate the policy of remuneration and other benefits including the amount of remuneration and other benefits providing to the directors and high level management from Assistant Managing Director upwards with clear and transparent criteria in order to propose to the Company's board of directors for consideration.



5. Oversee that the Company's directors and higher level management from Assistant Managing Director upwards receive the remuneration that match their duties and responsibilities to the Company and those that entrusted with higher responsibilities and duties receive an increase in remuneration in relevant to their extended burdens.
6. Lay down the direction for the appraisal of the directors and higher level management from Assistant Managing Director upwards to determine their annual remuneration by taking into considerations their responsibilities and relevant risks including the emphasizing of the added value to shareholders in the long run.

As of December 31, 2012, the Nomination and Remuneration Committee comprising 3 members of directors and independent directors as follows:

1. Assoc.Prof.Dr.Siriwut Buranapin* Chairman of the Nomination and Remuneration Committee
(Independent Director)
2. Mr.Thira Wipuchanin Member of the Nomination and Remuneration Committee
(Independent Director)
3. Mr.Vorakit Srangsriwong Member of the Nomination and Remuneration Committee
(Authorized Director)

Note : * Appointed in substitution of Mr.Vatana Supornpaibul (resigned on April 23, 2012) as approved by the Company's 2/2012 BOD meeting, held on May 9, 2012.

Authority and Responsibilities of the Executive Committee

The Executive Committee appointed by the Company's board of directors comprises of member of directors and senior management from Assistant Managing Director level upwards of which the Executive Committee may appoint additional members as it deems appropriate.

The Executive Committee has the authority to manage and operate the business within the scope that the Board of Directors had specified i.e.:-

1. The Executive Committee is authorized to manage business and oversee overall operation of the Company except some cases that the Company's Articles of Association had stipulated that they

must be approved by the Company's board of directors or matters that the Board of Directors had already regulated specific authority such as the approval of credit line and investment.

2. To consider the alteration of the authorized persons and condition of the signing of the authorized persons.
3. To consider the appointment of the members of Assets and Liabilities Committee, Risk Management Committee, Investment Committee and Credit Committee in case the members' term expired and report to the Board of Directors for acknowledgement.
4. To stipulate and review the ratio of the holding of liquid assets of the Company.
5. To consider an approval of the extending the credit line of not more than Baht 150 million per case.
6. Authority to approve an investment line for equity securities, warrants and forward contracts which are trading or expected to be traded in secondary markets up to the amount of 100 million Baht per company.
7. Authority to approve an investment in debt securities which have credit rating below investment grade up to 100 million Baht per company. The aggregate investment in such debt securities will be not over 10 percent of total debt securities portfolio value.

As of December 31, 2012, the Executive Committee comprising 3 members of directors and senior management as follows:

- | | |
|---|-----------------------------------|
| 1. Prof. Sakorn Suksriwong, DBA
(Vice Chairman) | Chief Executive Officer |
| 2. Mrs.Kingthien Bang-Or
(Director and Acting Managing Director) | Member of the Executive Committee |
| 3. Mr.Manop Himakorn
(Assistant Managing Director) | Member of the Executive Committee |



Executives

As of December 31, 2012, the Company's executives consisted of executive directors and executive officers as follows:-

- | | | |
|----------------------------------|---|---|
| 1. Prof. Sakorn Suksriwong, DBA | Vice Chairman and Chief Executive Officer | |
| 2. Mrs.Kingthien Bang-Or | Director and Acting Managing Director | |
| 3. Mr.Manop Himakorn | Assistant Managing Director | |
| 4. Mr.Vichai Kulsomphob | Assistant Managing Director | |
| 5. Mrs.Choochit Teyateeti | Vice President | Head of Credit Dept. |
| 6. Mr.Wichain Proongpanish | Vice President | Head of Risk Management Dept. |
| 7. Miss Wimon Chiramongkolgarn | Vice President | Head of Information Technology Dept. |
| 8. Mrs.Numpetch Sabaichai | Assistant Vice President | Head of Personnel & General Service Dept. |
| 9. Mr.Kanokporn Liewsuwan | Assistant Vice President | Head of Legal Dept. |
| 10. Mr.Sornpol Buppanimit | Assistant Vice President | Head of Audit Dept. |
| 11. Mrs.Kanda Kovitayamongkol | Assistant Vice President | Head of Operations Dept. |
| 12. Mrs.Chamaiporn Decharkom | Assistant Vice President | Head of Account & Finance Dept. |
| 13. Mr.Sakunphat Jirawuthitanant | Assistant Vice President | Head of Treasury & Investment Dept. |

The Nomination of Directors and Executives

The Company has set up the Nomination and Remuneration Committee to perform the duty of screening and nominate the names of qualified persons to the Board of Directors for the consideration of the appointment to hold the position of directors and high level management from Assistant Managing Director upwards.

The nomination and appointment in the Directorate level

The Nomination and Remuneration Committee will scrutinize the selection and screening of individuals that will become the Company's directors and independent directors from a person who is qualified and not having prohibited characteristics as stated by the laws relating to the public limited company and other relevant laws, has capability, knowledge and experience in various fields by considering the size of the assembly that will fit with the organization, good corporate governance including the adjustment to conform with the changing environment. The selected

candidates will be nominated to the Board of Directors for the appointment in case that the director positions become vacant apart from retirement by rotation or present to the shareholders meeting for appointment in case that the director positions are vacated due to the expiration of the terms or for the appointment of additional directors by which the Company's Articles of Association stipulates that the Company can have no more than 9 directors and not less than half of the directors must reside in Thailand. In every annual general meeting of shareholders, one-third or the number nearest to one-third of the directors shall retire from their office. A retiring director is eligible for election.

The resolution of the Board of Director for the appointment in case that the director position becomes vacant for any reason other than by rotation shall consist of not less than three-fourth of the votes of remaining directors. The director who fills the vacancy shall retain his office only for the remaining term of office of the director whom he replaces.

In case of the appointment of the directors that present to the shareholders meeting, the directors shall be elected at the general meeting of shareholders, provided that:

- 1) Each shareholder shall have a number of votes equal to a number share of held.
- 2) Each shareholder shall exercise all the votes to elect one or more persons as directors but he shall not split his votes in favor of any candidates.
- 3) The person receiving the highest number of votes in the respective order of the votes shall be elected as directors up to the total number of directors required or to be elected at such time.
- 4) In the event that a number of persons received an equal number of votes for the last directorship exceeding the number of directors the Company required or to be elected at such time, the chairman of the meeting shall have a casting vote.

The Company provides opportunity to all shareholders in order to nominate qualified candidates for annual general meeting of shareholders to appoint as the Company's directors.

Eligible candidates for the position of independent director must hold the qualifications of independence stipulated by the Company (The detail of the qualifications of independence states in the topic "Corporate Governance")



The nomination and appointment of Assistant Managing Director or higher Level

The Nomination and Remuneration Committee will screen and nominate the name of persons that are qualified to the Board of Directors for the appointment.

The meeting attendance of the members of board of directors / committees

In 2012, 4 meetings of the Board of Director, 4 meetings of the Audit Committee, 3 meetings of the Nomination and Remuneration Committee and 7 meetings of the Executive Committee were held. The meeting attendance records of the members of the board of directors / committees in those meeting are as follows:

Name of Directors	Attendance / Number of eligible meeting (times)			
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee
1. Prof. Dr. Wissanu Krea-ngam	4 / 4	-	-	-
2. Prof. Sakorn Suksriwong, DBA	4 / 4	-	-	7 / 7
3. Mrs.Kingthien Bang-Or	4 / 4	-	-	7 / 7
4. Mrs.Tida Chonlavorn	4 / 4	-	-	-
5. Mr.Vorakit Srangsiwong	4 / 4	-	3 / 3	-
6. Mr.Thititham Rojanapruk	3 / 3	-	-	-
7. Mr.Thira Wipuchanin	4 / 4	4 / 4	3 / 3	-
8. Mr.Vatana Supornpaibul	1 / 1	1 / 1	1 / 1	-
9. Assoc.Prof.Dr.Siriwut Buranapin	4 / 4	4 / 4	2 / 2	-
10. Mr.Thanapol Sirithanachai	3 / 3	2 / 2	-	-
11. Mr.Manop Himakorn	-	-	-	7 / 7

Note : No.6, appointed as Director on April 23, 2012.

No.8, resigned from Director, Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee on April 23, 2012.

No.9, appointed as Chairman of the Nomination and Remuneration Committee on May 9, 2012.

No.10, appointed as Director on April 23, 2012 and Member of the Audit Committee on May 9, 2012.

No.11, is Assistant Managing Director without holding director position

Detail of Board of Directors of Bangkok First Investment & Trust Public Company Limited

Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
1. Prof.Dr.Wisanu Kra-ngum Chairman of the Board of Directors (Independent Director) 4 years 11 months	61	<ul style="list-style-type: none"> - Director Accreditation Program - Thai Institute of Directors Association - LL.D. Honoris Causa - Chulalongkorn University - Certificate from National Defense College - Doctor of Juris Scientiae - University of California, Berkeley, U.S.A. - Master of Laws - University of California, Berkeley, U.S.A. - Thai Barriater-at-Law - Institute of Legal Education of The Thai Bar - Bachelor of Law (1st Class Hons.) - Thammasat University 	No	No	2011 - present	Vice Chairman	Sermak Pcl.
					2010 - present	Chairman	Nanyong Terminal Pcl.
2. Prof.Sakorn Sukriwong,DBA Vice Chairman of the Board of Directors Authorized Director, Chairman of the Executive Committee 7 years 7 months	45	<ul style="list-style-type: none"> - Director Certification Program - Audit Committee Program - Thai Institute of Directors Association - Executive Leadership Program - NIDA and Wharton School, - University of Pennsylvania, U.S.A. - Certificate Program in Business Law - Assumption University - Advance Management Program - Harvard Business School, Boston Massachusetts, U.S.A. - D.B.A. - University of South Australia, Australia - M.B.A. (International Business) - The George Washington University, Washington D.C., U.S.A. - B.B.A. (Banking and Finance) - Chulalongkorn University, Bangkok 	No	No	2010 - present	Chairman of the Audit Committee	AIMS Co., Ltd.
					2012 - present	Director	AIMS Co., Ltd.
					2012 - present	Director	AIMS Playatai Co., Ltd.
					2011 - present	Chairman of the Audit Committee	Nanyong Terminal Pcl.
					2011 - present	Director*	P.P.T.C. Co., Ltd.
					2011 - present	Director	Eternal Energy Pcl.
					2011 - present	Director	Oketree Co., Ltd.
					2010 - present	Director*	Sukriwong Co., Ltd.
					2008 - present	Director	Econ Acunova Co., Ltd.
					Apr.2008 - present	Vice Chairman*	Bangkok First Investment & Trust Pcl.
					Feb.2006 - present	Chairman of the Executive Committee	Bangkok First Investment & Trust Pcl.
					Sep.2005 - Apr.2008	Director*	Bangkok First Investment & Trust Pcl.
					Dec.2005 - Jun.2006	Managing Director	Bangkok First Investment & Trust Pcl.
					2008 - present	Honorary Director	Board of Investment Commission
					2008 - present	Director	Jamjuee Innovation Product Co.,Ltd.
					2007 - present	Director	S.A.B.S. Holding Co.,Ltd.
					2006 - present	Director	Jamjuee Innovation Co.,Ltd.
					2006 - present	Managing Director	Prida Pramote Co.,Ltd.
					1997 - present	Director*	Prida Pramote Co.,Ltd.
					2006 - present	Director	Tawana Hotel Co.,Ltd.
					2004 - present	Director	Beijing Hunao Surapan Hotel Development Co.,Ltd.
					2003 - 2549	Director*	Rakchai Technology and Business Administration Co.,Ltd.
					2003 - present	Director*	Surpanthavani Co., Ltd.

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Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
4. Ms.Tida Chonlavit Authorized Director 6 years 2 months	64	- Director Certification Program - Director Accreditation Program Thai Institute of Directors Association - B.B.A. Laws (2 nd. Class Hons.) Chulalongkorn University - M.B.A. (Business Administration) Roosevelt University, U.S.A. - B.B.A. (Economic) Thammasat University	No	No	2007 - present 2007 - present 2000 - 2011 2000 - 2006	Director* Vice President of Human Resources Department and Corporate Secretary Associate Judge Human Resources Manager	Bangkok First Investment & Trust Pcl. Eternal Energy Pcl. Central Intellectual Property and International Trade Court Com-Link Co.,Ltd.
5. Mr.Vorakitt Sangsriwong Authorized Director, Member of the Nomination and Remuneration Committee 5 years 1 month	67	- Director Accreditation Program - Audit Committee Program - Financial Statement for Director Thai Institute of Directors Association - M.A.(Instructional Media) California State University (Long Beach), U.S.A. - B.S. (Agriculture) Kasetsart University	No	No	2012 - present 2012 - present 2009 - present 2009 - present 2009 - present 2009 - present 2009 - present Jun.2009 - present Apr.2008 - present Mar.2008 - Jun.2009 Jun.2009 - Jul.2011	*Authorized Director Director* Director* Director* Director* Director* Director* Director* Member of the Nomination and Remuneration Committee Member of the Audit Committee Director* & Acting Chief Executive Officer *Authorized Director	Sahasakkee Service Co., Ltd. Pompin Power Co., Ltd. Eternal Energy Pcl. Charoensorn Energy Co.,Ltd. Boon Anek Co., Ltd. Eternal Energy and Electricity Co.,Ltd. Bangkok First Investment & Trust Pcl. Bangkok First Investment & Trust Pcl. Bangkok First Investment & Trust Pcl. BFTT Securities Pcl.
6. Mr.Thittham Rojanapruk Director 1 year	30	- Director Certification Program Thai Institute of Directors Association - Master of Business Administration Sasin Graduate Institute, Chulalongkorn University - Bachelor of Business Administration Holmes Institute, Melbourne, Australia	No	No	Apr.2012 - present 2012 - present 2008 - present 2006 - present 2011 - 2012	Director Director* Vice President of Business Development Director* Managing Director	Bangkok First Investment & Trust Pcl. Palang Rungruang Co., Ltd. Hi-Tech Network Co., Ltd. Boon Anek Anan Co., Ltd. Sahasakkee Service Co., Ltd.
7. Mr.Thira Wipuchanin Independent Director, Chairman of the Audit Committee, Member of the Nomination and Remuneration Committee 8 years 3 months	63	- Director Certification Program - Audit Committee Program Thai Institute of Directors Association - B.Sc. In Economics and Business Administration University of Wisconsin - Steven Point, U.S.A.	No	No	2007 - present Jan.2005 - present Feb.2006 - present 2005 - present 2003 - present 2003 - present 1995 - present	Director Independent Director and Chairman of the Audit Committee Member of the Nomination and Remuneration Committee Chairman and Independent Director of Audit Committee Chairman and Independent Director Chairman and Independent Director	K.L. Cold Co.,Ltd. Bangkok First Investment & Trust Pcl. Bangkok First Investment & Trust Pcl. Inter Hides Co., Ltd. Siam Macro Pcl. Precious Shipping Pcl. Union Palm Oil Industry Pcl.



Name / Position Tenure	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
8. Assoc.Prof.Dr.Sirwut Buranapin Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee, 3 years 7 months	45	<ul style="list-style-type: none"> - Director Certification Program - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring the Quality of Financial Reporting - Monitoring the System of Internal Control and Risk Management - Monitoring Fraud Risk Management - Financial Institutions Governance Program - Role of the Nomination and Governance Committee - Role of the Compensation Committee - Thai Institute of Directors Association - D.B.A. - Boston University, U.S.A. - MS. (Management) - Massachusetts Institute of Technology, U.S.A. - MITBA - United States International University, U.S.A. - Master of Art with Advanced Designation Certificate in International Trade - University of California, Los Angeles, U.S.A. - B.B.A.(Marketing, International Program, 1st Class Hon.) Bangkok University	No	No	May 2012 - present Aug. 2009 - present 2012 - present:- : 2009-2012 : 2007-2008 : 2005-2007	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Dean Head of Department-elected Deputy Dean for Academic Affairs Deputy Dean for Research and Foreign Affairs	Bangkok First Investment & Trust Pcl. Bangkok First Investment & Trust Pcl. Faculty of Business Administration, Chiang Mai University
9. Mr.Thanapol Sirithumchai Independent Director, Member of the Audit Committee 1 year	46	<ul style="list-style-type: none"> - Director Certification Program - Director Accreditation Program - Audit Committee Program - Thai Institute of Directors Association - Advance Management Program - Harvard Business School, Boston, U.S.A. - Master of Business Administration - The University of Texas at Austin, Texas, USA. - Bachelor of Law - Sukhothai Thammathirat University - Bachelor of Engineering in Industrial Engineering Chulalongkorn University	No	No	Apr. 2012 - present 2012 - present 2007 - present 2003 - present 2005 - present 2003 - present 2003 - present 2003 - present 2003 - present 2003 - present 2003 - present	Independent Director and Member of the Audit Committee President Director* Managing Director Director* Chairman* Director* Director* Director* Director* Director* Director* Director* *Authorized Director	Bangkok First Investment & Trust Pcl. Golden Land Property Development Pcl. Lerrtrakarn Co., Ltd. Univentures Pcl. Esco Venture Co., Ltd. Grand Unity Development Co., Ltd. Grand U Living Co., Ltd. Univentures Consulting Co., Ltd. Univentures Asset Management Co., Ltd. Forward System Limited The Thai-Lysight Co., Ltd.

Detail of Executives of Bangkok First Investment & Trust Public Company Limited

Name / Position	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
1. Mr. Manop Himakorn Assistant Managing Director	70	- B.A. (Commerce) - B.A. (Accounting) Thammasat University	No	No	1990 - present	- Assistant Managing Director - Vice President / Department Head Operations Department	- Bangkok First Investment & Trust Pcl.
2. Mr. Vichai Kulsomphob Assistant Managing Director	34	- Director Certificate Program Thai Institute of Directors Association (IOD) - Executive Leadership Program Wharton Business School, University of Pennsylvania, USA., & NIDA. - Exchange Program M.B.A. (International Business) Norwegian School of Economics and Business Administration, Norway - M.B.A. (Marketing) Thammasat University - B.S. (Business Administration) Chulalongkorn University	0.0397	No	2013 - present 2013 - present 2012 - present 2012 - present 2012 - present 2012 - present 2012 - present 2012 - present Mar.2011 - present Mar.2006 - Feb.2011 2009 - present 2008 - present	- Director* - Director* - Managing Director - Managing Director - Director* - Director* - Director* - Assistant Managing Director - Vice President Business Development - Director* - Director* <i>*Authorized Director</i>	- SSI Holding Co., Ltd. - Park Capital Holding Co., Ltd. - Boon Pattana Limited Partnership - Boon Capital Holdings Co., Ltd. - C.I.T. Property Consultants Co., Ltd. - C.I.T. Appraisal Co., Ltd. - Saha Pathana Inter-Holding Pcl. - Bangkok First Investment & Trust Pcl. - Bangkok First Investment & Trust Pcl. - Panland Co., Ltd. - Thai Sansung Life Insurance Pcl.
3. Mrs.Choochit Teyateerit Vice President / Head of Credit Department	56	- M.B.A. (Business) University of Missouri, Columbia, U.S.A - B.A. (Accounting) Thammasat University	No	No	1983 - present	- Vice President / Head of Dept. - Assistant Vice President - Account Officer - Credit Analyst Credit Department	- Bangkok First Investment & Trust Pcl.
4. Mr.Wichian Proongpanish Vice President / Head of Risk Management Department	45	- M.B.A. - B.A. (Accounting) Thammasat University	No	No	Feb.2011 - present 2005 - Jan.2011 2004 - 2005 2002 - 2004	- Vice President / Head of Dept. Risk Management Department - Vice President / Head of Dept. Corporate Finance Department - Vice President Business Development Department - Vice President Corporate Finance Department	- Bangkok First Investment & Trust Pcl. - Krungthepianthon Asset Management Co., Ltd. (Finaasa Asset Management Co.,Ltd.) - BFIT Securities Pcl
5. Miss Winon Chiramongkolgom Vice President / Head of Information Technology Department	50	- M.S. (CIS) Assumption University - B.S. (Statistics) Thammasat University	0.001	No	1985 - present	- Vice President / Head of Dept. - Assistant Vice President/Head of Dept. Supervisor - Programmer Information Technology Department	- Bangkok First Investment & Trust Pcl.



Name / Position	Age	Education	Shareholding	Family relationship with other director and member of management	Work Experience		
					Period	Position	Company's Name / Business Type
6. Mrs.Numpetch Sabaichai Assistant Vice President/Head of Personnel & General Service Department	65	- B.A. Commerce (Finance and Banking) Thammasat University	No	No	1991 - present	- Assistant Vice President/Head of Dept. Personnel & General Service Department	- Bangkok First Investment & Trust Pcl.
7. Mr.Kanokporn Liewsuwan Assistant Vice President/Head of Legal Department	52	- B.A. (Laws) Ramkhamhaeng University	No	No	1989 - present	- Assistant Vice President/Head of Dept. Legal Officer Legal Department	- Bangkok First Investment & Trust Pcl.
8. Mr. Sompol Buppaanimit Assistant Vice President/Head of Audit Department	49	- M.B.A. (Business Administration) - B.A. (Political Science) Ramkhamhaeng University	No	No	Sep.2008 - present 1983 - Aug.2008	- Assistant Vice President/Head of Dept. Audit Department - Division Head - Assistant Division Head - Staff Internal Audit Department	- Bangkok First Investment & Trust Pcl. - Kasikornbank Pcl.
9. Mrs.Kanda Kovitayamongkol Assistant Vice President/Head of Operations Department	57	- B.A. (Accounting) - B.A. (Laws) Ramkhamhaeng University	0.00005	No	1979 - present	- Assistant Vice President/Head of Dept. - Assistant Manager - Loan & Placement Division Head Operations Department	- Bangkok First Investment & Trust Pcl.
10. Mrs.Chanaiporn Decharkom Assistant Vice President/Head of Account & Finance Department	40	- B.A. (Accounting) Bangkok University	No	No	2005 - present	- Assistant Vice President/Head of Dept. Account & Finance Department - Assistant Manager - Account & Report Division Head Operations Department	- Bangkok First Investment & Trust Pcl.
11. Mr.Sakunphat Jirawuthitanant Assistant Vice President/Head of Treasury & Investment Department	31	- Corporate Secretary Development Program The Stock Exchange of Thailand - Company Secretary Program Thai Institute of Directors Association (IOD) - Certified Investment and Securities Analyst, Level II Thailand Securities Institute - M.B.A. (Business Administration) University of Western Australia - B.A. (Accounting) Chulalongkorn University	No	No	2005 - present	- Assistant Vice President/Head of Dept. - Assistant Manager - Investment Officer Treasury & Investment Department - Management Trainee	- Bangkok First Investment & Trust Pcl.

Shareholding in the Company of Board of Directors

Name	Number of shareheld	
	As of	Increase (Decrease)
	<u>Dec. 31, 2012</u>	<u>During the year</u>
1. Prof. Dr.Wissanu Krea-ngam	-	-
2. Prof. Sakorn Suksriwong, DBA	-	-
3. Mrs.Kingthien Bang-Or	-	-
4. Mrs.Tida Chonlavorn	-	-
5. Mr.Vorakit Srangsriwong	-	-
6. Mr.Thititham Rojanapruk	-	-
7. Mr.Thira Wipuchanin	-	-
8. Assoc.Prof.Dr.Siriwut Buranapin	-	-
9. Mr.Thanapol Sirithanachai	-	-

Shareholding in the Company of Executives

Name	Number of shareheld	
	As of	Increase (Decrease)
	<u>Dec. 31,2012</u>	<u>During the year</u>
1. Mr.Manop Himakorn	-	-
2. Mr.Vichai Kulsomphob	79,400	-
3. Mrs.Choochit Teyateeti	-	-
4. Mr.Wichian Proongpanish	-	-
5. Miss Wimon Chiramongkolgarn	2,000	-
6. Mrs.Numpetch Sabaichai	-	-
7. Mr.Kanokporn Liewsuwan	-	-
8. Mr.Sornpol Buppanimit	-	-
9. Mrs.Kanda Kovitayamongkol	100	-
10. Mrs.Chamaiporn Decharkom	-	-
11. Mr.Sakunphat Jirawuthitanant	-	-



Remuneration and Benefits for Directors and Executives

Remuneration :

● Remuneration for Directors

- The director fees for the year 2011 approved by the shareholders meeting are as follows:

Board of Directors		
	<u>Annual Fee (Baht)</u>	<u>Meeting Fee (Baht)</u>
Chairman	1,440,000	50,000
Directors	280,000	25,000
Audit Committee		
	<u>Annual Fee (Baht)</u>	<u>Meeting Fee (Baht)</u>
Chairman	100,000	25,000
Members	50,000	25,000
Nomination and Remuneration Committee		
	<u>Annual Fee (Baht)</u>	<u>Meeting Fee (Baht)</u>
Chairman	50,000	No fee
Members	50,000	No fee

- Remuneration received by directors in return of the director position.

Remuneration paid to 10 directors amounted to Baht 5,209,998.00 in 2012, compared with Baht 4,460,000.00 paid in 2011 to 8 directors. Details are as follow:

Remuneration of the year 2012 (Baht)						
<u>Name of Directors</u>	<u>Board of Directors</u>		<u>Audit Committee</u>		<u>Nomination and Remuneration Committee</u>	<u>Total</u>
	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	
1. Prof. Dr. Wissanu Krea-ngam	1,440,000.00	200,000.00	-	-	-	1,640,000.00
2. Prof. Sakorn Suksriwong, DBA	280,000.00	100,000.00	-	-	-	308,000.00
3. Mrs.Kingthien Bang-Or	280,000.00	100,000.00	-	-	-	308,000.00
4. Mrs.Tida Chonlavorn	280,000.00	100,000.00	-	-	-	308,000.00
5. Mr.Vorakit Srangsiwong	280,000.00	100,000.00	-	-	50,000.00	430,000.00
6. Mr.Thititham Rojanapruk	198,333.00	75,000.00	-	-	-	273,333.00
7. Mr.Thira Wipuchanin	280,000.00	100,000.00	100,000.00	100,000.00	50,000.00	630,000.00

Remuneration of the year 2012 (Baht)

<u>Name of Directors</u>	<u>Board of Directors</u>		<u>Audit Committee</u>		<u>Nomination and</u>	<u>Total</u>
					<u>Remuneration</u>	
					<u>Committee</u>	
	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	
8. Mr.Vatana Supornpaibul	93,332.00	25,000.00	16,668.00	25,000.00	16,668.00	176,668.00
9. Assoc.Prof.Dr.Siriwut Buranapin	280,000.00	100,000.00	50,000.00	100,000.00	33,332.00	563,332.00
10. Mr.Thanapol Sirithanachai	198,333.00	75,000.00	33,332.00	50,000.00	-	356,665.00
Total	3,609,998.00	975,000.00	200,000.00	275,000.00	150,000.00	5,209,998.00

Note : No.6, appointed as Director on April 23, 2012.

No.8, resigned from Director, Member of the Audit Committee and Chairman of the Nomination and Remuneration Committee on April 23, 2012.

No.9, appointed as Chairman of the Nomination and Remuneration Committee on May 9, 2012.

No.10, appointed as Director on April 23, 2012 and Member of the Audit Committee on May 9, 2012.

Remuneration of the year 2011 (Baht)

<u>Name of Directors</u>	<u>Board of Directors</u>		<u>Audit Committee</u>		<u>Nomination and</u>	<u>Total</u>
					<u>Remuneration</u>	
					<u>Committee</u>	
	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	<u>Meeting Fee</u>	<u>Annual Fee</u>	
1. Prof.Dr.Wissanu Krea-ngam	800,000.00	250,000.00	-	-	-	1,050,000.00
2. Mr.Sakorn Suksriwong,DBA	280,000.00	125,000.00	-	-	-	405,000.00
3. Mrs.Kingthien Bang-Or	280,000.00	125,000.00	-	-	-	405,000.00
4. Mrs.Tida Chonlavorn	280,000.00	125,000.00	-	-	-	405,000.00
5. Mr.Vorakit Srangsiwong	280,000.00	125,000.00	-	-	50,000.00	455,000.00
6. Mr.Thira Wipuchanin	280,000.00	100,000.00	100,000.00	100,000.00	50,000.00	630,000.00
7. Mr.Vatana Supornpaibul	280,000.00	125,000.00	50,000.00	100,000.00	50,000.00	605,000.00
8. Assoc.Prof.Dr.Siriwut Buranapin	280,000.00	100,000.00	50,000.00	75,000.00	-	505,000.00
Total	2,760,000.00	1,075,000.00	200,000.00	275,000.00	150,000.00	4,460,000.00

● Remuneration for Executives

Remuneration consisting of salary, bonus, contribution to provident fund, group live insurance premium, medical treatment and others paid to 13 executives amounted to Baht 30,602,286.20 in 2012, compared with Baht 28,624,443.86 in 2011 to 14 executives.

Other Benefits :

- None -



Corporate Governance

The Board of Directors realizes the importance of operating the business under good corporate governance to ensure the effectiveness and efficiency of the business processes which should be transparent and examined equitable to all related parties.

Good corporate governance policy

The Company has set up the policy as a guideline for good corporate governance in writing which prescribed of risk management, management duty, composition and practice of The Board of Directors, relationship with related parties and Code of Ethics. The Company published good corporate governance approved by the Board of Directors in www.bfit.co.th under the following guideline:-

Shareholders' rights and fair treatments

The Company treated all shareholders in a manner higher than stated by law by providing crucial and timely information via website. Moreover, the Company welcomes all minor shareholders to raise topics that shall be included in meeting agenda and to nominate candidates in the Board of Directors in advance (See www.bfit.co.th in the Investor Relation section). The shareholders had enough time to consider about the agenda posted on the Company's website within 30 days prior to the meeting, whether it was for acknowledgment or consideration or approval and including of the Board of Directors' opinion for each agenda. They could commit to others or independent directors who were not the management and shareholders of the Company, as a proxy to attend and vote in the meeting. All relevant reports will be published on the Company's website within 14 days after the meeting date. Moreover, the Company has set privacy regulation to prevent misuse of data as well as disclosure policy for the Board of Directors, company management, and relevant parties.

Various Groups of Stakeholders' Right

The Board of directors oversaw and believed that legal rights of all groups of stakeholders would be treated as specified in the code of ethics.

Shareholders

The Company intentionally develops and operates its business to for continuous growth, stability and the shareholders' benefits. The Company takes all responsibilities to protect its assets. Moreover, the Company will disclose all information clearly and transparently to avoid any conflict of interests.

Customers

The Company holds integrity in the means of doing business, setting proper and fair prices for all financial services, giving all correct information to the customers, handling all requests with fairness in a timely manner, and continuously developing its products and services to serve customers' needs.

Business partners

The Company develops strong relationships with business partners, keeps business agreements, and will not accept any assets or benefits outside apart from agreed deals.

Creditors and suppliers

The company is committed to honesty, to comply with the creditors and suppliers of all types. Subject to conditions including the rules and laws.

Employees

The Company realizes the importance of all employees as valuable assets to drive the organization to success. Therefore, all employees will receive training supports and constantly develop their potential to secure career stability. All employees will be treated with respect for their human rights and provided with benefits according to individual's competence, responsibilities, and performance. Pleasant working environment is ensured to guarantee safety, well-being, and employees' belongings.

The Company provides fringe benefits to its employees such as provident fund for future saving, group life insurance, medical care treatment and staff loan.



Community / society

The company is committed to conducting business with social responsibility. And careful consideration of any matter affecting the public sentiment (Public Interest), the Company's operations. And support activities that benefit the community and society by contributing to religious activities and education as appropriate evenly.

Environmen

The company's focus on environmental protection. Not support any action. With the environment. Care, resource-saving office equipment. Use energy efficient devices. Recycled or reused to make the most efficient removal and storage of garbage or waste material to be healthy. In order not to have any impact on the surrounding community. And promote staff awareness and responsibility to care for and protect the environment.

Regulators

The Company intends to run business with transparency and complied with the rules or notifications of the regulators which were The Bank of Thailand, Ministry of Finance, Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The Company collaborated extremely well with these regulators.

Channel for stakeholders' participation

The Company establishes the channels that enable stakeholders to communicate with related departments in the Company. For example, a channel for credit clients whose their credit requests have been rejected. The Company also provides a wide range of method to submit appeals, recommendations, comments or opinions towards the Board of Directors or management through in these channels

- Phone no. 02-677-4300 Ext. 346
- Fax 02-677-4303
- Mail Bangkok First Investment & Trust PCL. 23 Fl., Bangkok Insurance Bldg., 25 Sathontai Rd., Sathon, Bangkok 10120
- Website www.bfit.co.th

The Board of Directors' responsibilities

Director' structure

According to the regulation, the Board of Directors consists of up to 9 directors. The combination of directors must be complied with good corporate governance guideline by the Stock Exchange of Thailand and the regulations of the Bank of Thailand as follow:

- 1) 4 independent directors: Prof.Dr.Visanu Krua-ngam, Mr.Thira Wipuchanin, Assoc.Prof.Dr.Siriwut Buranapin and Mr.Thanapol Sirithanachai
- 2) 2 executive directors: Prof.Sakorn Suksriwong,DBA and Mrs.Kingtien Bang-Or
- 3) 3 non-executive directors: Mrs.Tida Chonlavorn, Mr.Vorakit Srangsriwong and Mr.Thititham Rojanapruk

The Board of Directors is well-balanced in the proportion because four of them were independent directors. The chairman is also independent director.

Qualifications of independent directors

To ensure that the independent director of the Company has independence quality qualifications, the Company defines "Independent Director" means a director who has neither involvement in business executions nor related interests with the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person of the Company, that would bring about conflicts of interest which may affect independent decisions. Qualifications of Independent Director of the Company, is more stringent than that under the criteria set by the Capital Market Supervisory Board, Re: Application for and Approval of Offering for Sale of Newly Issued Shares, detail of which are as follows.

- 1) Holding shares not more than 0.5% of the total shares with voting right of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person. Such shareholding shall include the shares held by related persons of such independent director.
- 2) Not being or having been an executive director, employee, staff, or advisor who receives regular salary; or a controlling person of the Company, its parent company, subsidiary, affiliated company, subsidiary of the same level, major shareholder or controlling person of the Company,



unless the foregoing status has ended not less than 2 years before taking up the position. Nevertheless, such prohibited characteristics exclude the person who had been a government official or an advisor to any government organization that is the Company's major shareholder or controlling person.

- 3) Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the child – of the other directors, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiary.
- 4) Having no business relationship with the Company, its parent company, subsidiary, affiliated company, major shareholders, or controlling person of the Company in the manner which may impede his/her independent discretion; and neither being a significant shareholder or a controlling person of those having business relation with the Company, its parent company, subsidiary, affiliated company, major shareholders or controlling person of the Company, unless the foregoing characteristic has ended for not less than 2 years before taking up the position.

Business relationships above shall include any normal commercial transaction in business undertaking; a rental or lease of immovable property; a transaction relating to assets or services; a grant or receipt of financial assistance via lending, borrowing or guarantee; an offer of assets as collateral as well as any similar action that results in the Company or its counter party being indebted to the other for the amount of 3% of net tangible asset or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning Criteria of Connected Transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences.

- 5) Not being or having been an auditor of the Company, its parent company, subsidiary, affiliated company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent

company, subsidiary, affiliated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years before taking up the position.

- 6) Not being a professional advisor of any kind which includes legal advisor or financial advisor who receives an annual service fee exceeding Baht 2 million from the Company, and not being a significant shareholder, controlling person, or partner of the professional advisor, unless the foregoing relationship has ended not less than 2 years before taking up the position.
- 7) Not being a director appointed as a representative of the Company's directors, its major shareholder, or shareholder related to major shareholders.
- 8) Not undertaking any business similar to or competing with that of the Company to a significant extent, or not being a partner holding shares in a partnership exceeding 10%, or an executive director, employee, staff, or advisor who receives regular salary from or has more than 1% shareholding in any other company that undertakes any business similar to and competing with that of the Company or of its subsidiary to a significant extent.
- 9) Not having any characteristics that make him/her incapable of expressing independent opinions with regard to the applicant's business affairs.

In case that an independent director is nominated as a member of the Audit Committee, There are additional qualifications as follow:

- 1) Must not be a director who is assigned by the Board of Directors to decide in operational businesses of the company, a parent company, subsidiary companies, associate companies, major shareholders or the company's controlling persons and
- 2) Must not be a director of a parent company and subsidiary companies in the same chain level which are listed companies.

All current independent directors and members of the audit committee hold all qualifications as defined by the Company's policy above.



Vision and leadership

Each director has expertise competence and beneficial experience in various jobs related to the Company's business operation. The Company encouraged the directors to attend the courses held by the Institute of Director Association or other institute to increase their expertise.

Hence, all directors have taken Director Certification Program and/or Director Accreditation program. All audit committees have taken Audit Committee program by the Thai Institute of Directors. The company also promoted the Board of Directors' members to attend overseas business trips that will bring back useful perspectives, thoughts and visions for the Company.

Terms of holding office

According to the Company's regulation, in annual general shareholder's meeting, at least 1 of 3 directors must be vacated. If total number of directors cannot be exactly divided into 3, it should take the closest number to 1 in 3 directors who hold the longest office terms will be vacated but they can also be nominated for the position again in the future.

Terms of holding office in other companies for directors and senior management

The Company complied with the regulation of the Bank of Thailand which specified that the Company's directors and senior management must not hold one or more positions as chairman, executive director or authorized director in other companies which are part of more than 3 business groups of companies.

The Subcommittee

The Board of Directors has appointed various committees to oversee the business operation. These committees consisted of the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, the Credit Committee, the Investment Committee, the Asset and Liability Management Committee, the Debt Restructuring Committee, the Collateral Evaluation Committee and the Risk Management Committee.

The Committees mentioned above comprised of directors and or the executive officers related to the Committees' work.

Unification or Segregation of Position

The Board of Directors assigned and defined the roles and responsibility of each committee. The authority of the Chairman who was independent, not shareholder, was clearly separated from the Managing Director. It was the Company's policy that no director was granted unlimited power.

Remuneration for Directors and Management

The Nomination and Remuneration Committee would consider the remuneration of the directors and the management which their positions were upward from assistant managing director. The Shareholder's Meeting would approve director's remuneration and the Board of Directors would approve managements' remuneration.

Board of Directors' Meetings

The Board of Directors' meeting was set at least once in each quarter to consider the business operation and to approve the financial statements which was reviewed or audited by the independent auditor and was considered by the Audit Committee. Throughout 2012, the Board of Directors held 4 meetings

Before each meeting, the secretary of the Board of Directors sent the invitation letter which specified the agenda with attached documents to the directors at least seven days prior to the meeting date. In the meeting, the Directors freely expressed their opinions and had enough time for discussion. The minutes would be performed in writing by the secretary of the Board of Directors and would be proposed to the Board of Directors for approval in the next meeting. The approved minutes would be kept for review or consideration form related regulators. The Board of Directors' resolutions which were related to the Company's operation would be informed to the management and staff to practice. (The number of attendance of each director specified in the topic "**Management**")

Conflict of Interests

The Company believed firmly in Good Corporate Governance Policy to avoid any conflict of interests as specified in writing in the Code of Ethics by fair treatment, disclose of any conflict of interests. In addition, the Company defined work regulation to prohibit employees' action that might cause conflict of interests with the Company or customers. The employee who infringed to the regulation would be penalized at lowest level by the written caution to the highest level by dismissal.



Code of Ethics

The Company intends to operate its business with transparency and morality under the law and the Good Corporate Governance Policy. The Company is responsible to all stakeholders.

The Code of Ethics prescribed to:

- To honestly and transparently direct, manage, and administer the corporate business for the benefits of all stakeholders.
- To enhance and widen professional skill knowledge so that directors, the management, and employees can properly and carefully perform his/her appropriate duty and responsibility.
- To ensure that the corporate operations are in accordance with the law and the articles of association of the Company.
- To keep up-to-date information of the clients so that the Company can provide them with appropriate advises and services.
- To provide clients with the material facts which are true on a timely basis so that they can make reasonable financial decisions.
- To eliminate issues of conflict of interest by fair treatment, disclosing any possible conflict of interest, and keeping the customers' information with strictest confidentiality.
- To keep safe custody of customers' assets.
- To maintain strong financial positions and adequate funds/liquidity to withstand any possible losses.
- To maintain the organization structure which ensures efficient operation and strict internal control.
- To support an activity that will provide creativity and prosperity to the society.
- To ensure that the Company does not try to disrepute the competitor by creating wrongful or untruthful alleges.
- To ensure that the operations are in accordance with the law and the articles of association of the Company and to cooperate (if any).

Internal Control System and Internal Audit

For details, please see in the topic “**Internal Control**”

Directors’ Reporting

The Board of Directors provided the report of its responsibilities for performing the financial statements of year 2012. The Board of Directors assigned the Audit Committee to oversee the correctness, completion, credibility of the Company’s financial statements and oversaw whether they were performed in accordance with generally accepted accounting standards as prescribed in the roles of the Audit Committee.

Relations with Investors

The Company emphasized on making good relation with shareholders, investors, analysts and related institutions. The financial information was disclosed clearly, transparently and promptly via electronic media of the Stock Exchange of Thailand and mass media. The disclosure was beneficial for related parties to make decision. In addition, the information was disclosed through the Company’s website www.bfit.co.th.

Internal control

Board of Directors and the management have placed particular emphasis on an efficient internal control system and promotion of an appropriate business culture recognizing the importance of risk management and the adequacy of the internal control system in every function. The company requires all business units to comply with the best practices for internal control as a guideline for the business unit operations and in employee’s practices. The Audit Committee has the duty and responsibility to review the effectiveness and adequacy of all risk management processes and internal control systems by discussing and evaluating operational results with the Audit Department on a continuing basis. These discussions include consideration of the appropriateness of the scope of work, roles and responsibilities, audit plans. The results of the evaluation and quality of internal control will be reported to the Board of Directors in case that it had recommendations or found significant loophole for further improvement.



The company's focus on governance and the culture of control and preparation of policies and procedures specified in writing. It also provides guidelines of employ discipline, professional ethics and penalty in order to uphold efficiency, transparency and fairness to all stakeholders.

It also provides a review of the operations and internal controls by using the internet to enhance the performance of measures taken in the performance of the company's control activities as part of the process and control structure appropriate for all sectors. The job duties will be assigned to the worker, supervisors and evaluation of each to achieve a balance between appropriate and monitoring. For activities that may pose a conflict of interest, they will be identified and implemented according to the rules and regulations related to the company.

Provisioning and monitoring operations of the Company is equipped with risk evaluation covering complying with laws and regulations governmental agencies, policies and ethical codes of the Company, adequacy evaluation in internal control, and proper risk management. In 2012, the Company reviewed and updated the audit practice of the prevention and suppression of money laundering according with the law and the changing environment. The Company always aware that internal control is the essential process for business which enables effective operations, gains rational confidence in achieving goals, provides long-term return, brings about prudential financial report and protects the Company from damages in assets and reputation.

Related Party Transactions

In 2012, related party transactions between the Company with connected persons or related parties were conducted in the normal course of business operation. Such transactions have been concluded on the same commercial terms and conditions as applied to general customers of the company in the ordinary course of businesses, except loans granted to employees of the Company as part of fringe benefits of the employees. (The details were disclosed in the Notes to Financial Statements No.7)

Below is a summary of significant business transactions with related parties in 2012.

Related Party	Relationship	Transaction	Million Baht	Pricing policy
1. Pridapramoth Co.,Ltd.	- Common director (Professor Sakorn Suksriwong, DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	21.77	Same rate as applied to ordinary customers
2. Boon Anek Co.,Ltd.	- Common director (Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	1.28	Same rate as applied to ordinary customers
3. Eternal Energy Plc.	- Common director (Professor Sakorn Suksriwong, DBA and Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	29.90	Same rate as applied to ordinary customers
4. Anek Boon Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or)	- Interest paid on borrowings and deposits	0.17	Same rate as applied to ordinary customers
5. Tear One Network Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or)	- Interest paid on borrowings and deposits	0.17	Same rate as applied to ordinary customers
6. Jirola (Thailand) Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.09	Same rate as applied to ordinary customers
7. Biz & Fun Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or)	- Interest paid on borrowings and deposits	0.08	Same rate as applied to ordinary customers



Related Party	Relationship	Transaction	Million Baht	Pricing policy
8. Excel Link Co.,Ltd.	- Common director (Professor Sakorn Suksriwong,DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.77	Same rate as applied to ordinary customers
9. I Tower Co., Ltd.	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	3.85	Same rate as applied to ordinary customers
10. RakThai Technology and Business Administration Co., Ltd.	- Common director (Professor Sakorn Suksriwong, DBA and Mrs.Kingthien Bang-Or) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	3.92	Same rate as applied to ordinary customers
11.Hi-Tech Network Co.,Ltd	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk) - A close relative of a director is a shareholder in this company (Professor Sakorn Suksriwong,DBA)	- Interest paid on borrowings and deposits	2.93	Same rate as applied to ordinary customers
12. People's Garment Plc.	- A close relative of a director is a director in this company (Mrs.Kingthien Bang-Or)	- Interest paid on borrowings and deposits	0.61	Same rate as applied to ordinary customers
13. Eternal Energy & Electricity Co., Ltd.	- Common director (Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.36	Same rate as applied to ordinary customers
14. PPTC Co., Ltd.	- Common director (Professor Sakorn Suksriwong,DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	1.09	Same rate as applied to ordinary customers
15. Power Agricultural Industry Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.06	Same rate as applied to ordinary customers

Related Party	Relationship	Transaction	Million Baht	Pricing policy
16. L.M. Tech Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.02	Same rate as applied to ordinary customers
17. AAA Holding Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.08	Same rate as applied to ordinary customers
18. Rakvaree Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.26	Same rate as applied to ordinary customers
19. SSUT Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	2.07	Same rate as applied to ordinary customers
20. Telserv Co.,Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.05	Same rate as applied to ordinary customers
21. Thatsiri Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Interest paid on borrowings and deposits	0.01	Same rate as applied to ordinary customers
22. Com -Link Co.,Ltd.	- A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Purchase of vehicle	1.71	Market price and contract value

The balances of the accounts between the Company and those related companies as of December 31, 2012 are as follows:-

Related Party	Relationship	Transaction	Million Baht
1. Pridapramoth Co.,Ltd.	- Common director (Professor Sakorn Suksriwong, DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	375.0
2. Boon Anek Co.,Ltd.	- Common director (Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	39.2
3. Eternal Energy Plc.	- Common director(Professor Sakorn Suksriwong, DBA and Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	855.0
4. Anek Boon Co.,Ltd	- Common director (Mrs.Kingthien Bang-Or)	- Borrowings and deposits	4.3
5. Tear One Network Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or)	- Borrowings and deposits	4.2



Related Party	Relationship	Transaction	Million Baht
6. Jirola (Thailand) Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	2.2
7. Biz & Fun Co.,Ltd.	- Common director (Mrs.Kingthien Bang-Or)	- Borrowings and deposits	2.3
8. Excel Link Co.,Ltd.	- Common director (Professor Sakorn Suksriwong, DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	25.1
9. I Tower Co., Ltd..	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	105.0
10. RakThai Technology and Business Administration Co., Ltd.	- Common director (Professor Sakorn Suksriwong, DBA and Mrs.Kingthien Bang-Or) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	115.0
11. Hi-Tech Network Co., Ltd.	- Common director (Mrs.Kingthien Bang-Or) - A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk) - A close relative of a director is a shareholder in this company (Professor Sakorn Suksriwong,DBA)	- Borrowings and deposits	107.0
12. People's Garment Plc.	- A close relative of a director is a director in this company (Mrs.Kingthien Bang-Or)	- Borrowings and deposits	30.0
13. Eternal Energy & Electricity Co., Ltd.	- Common director (Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	15.0
14. PPTC Co., Ltd.	- Common director (Professor Sakorn Suksriwong, DBA) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	50.0
15. Power Agricultural Industry Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	1.6
16. L.M. Tech Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	0.6
17. AAA Holding Co., Ltd	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	2.6
18. Rakvaree Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	8.5
19. Charoenporn Energy Co.,Ltd.	- Common director (Mr.Vorakit Srangsiwong) - A close relative of a director is a director in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	0.3
20. Thatsiri Co., Ltd.	- A close relative of a director is a director and a shareholder in this company (Mr.Thititham Rojanapruk)	- Borrowings and deposits	0.5

Policy and Possibility of the Related Party Transactions in the Future

The Company puts strong emphasis on effective management under good governance. The Company has issued the Operating Manual regarding Transactions with Connected Persons or Related Parties. The Company has policy that the price or the conditions of related party transaction would be the same as for other normal business transactions except loans to employees of the Company which form part of the fringe benefits of the employees.

Measures or Procedures for Approval of Related Party Transactions

All transactions between related parties shall be done on the same basis and conditions as applied to external parties. The procedures for approval of related party transactions are summarized as follows:-

1. The related party transactions which are done at arm's length, in line with terms of price and conditions offered to general clients must follow general procedure of approval in each transaction.
2. The related party transactions which are not included in item 1. must be done by presenting details, transaction, relationship, appropriateness, and expert opinions from the third person such as auditor, property appraiser, independent engineer, or legal office (if necessary) to the Audit Committee and Board of Directors for consideration, then submit to the shareholders' meeting for approval before actually making the transactions. However, such procedure mentioned can be exempted by laws.
3. The Articles of Association of the Company state that the Company must proceed in accordance with the regulation or related laws for the related party transactions which must be approved by the Board of Directors and Shareholders.

The Company also has to summarize all related party transactions and disclose these related party transactions in Notes to Financial Statements. The Company shall carry out the related party transactions according to the laws, the notification of the Office of Securities and Exchange Commission, and the regulations of the Stock Exchange of Thailand to comply with the Principles of Good Corporate Governance. The Board of directors Meeting No. 1/2011 approved principle of the related party transactions which has improved policy and procedures of the transaction with major shareholder or related benefit transactions. These conditions are base on the guidelines stipulated by Bank of Thailand which had approved on the Board of Directors of the company.



Explanation and Analysis of the Financial Status and Operating Performance for Year 2012

Summary of Operating Performance

The operating results of the Company on stand-alone basis for accounting year ended December 31, 2012 showed a net profit of Baht 96.10 million, a decrease of Baht 249.99 million or 72.23% as compared to the consolidated net profit Baht 346.09 million obtained in year 2011.

Details of the net profit obtained in the year 2012 are as follows:-

1. Finance business posted a net profit of Baht 96.10 million, a decrease of Baht 246.64 million, representing a decrease of 71.96% as compared to net profit of Baht 342.74 million obtained in 2011. This was mainly due to the decrement of net gain on investments by Baht 610.81 million which was mainly represented by gain from disposal of investment in the subsidiary company in year 2011 for Baht 629.80 million, a decrease of fees and services income by Baht 3.57 million. At the same time, there were some items which causing the increase of profit i.e. a decrease of bad debt and doubtful accounts written off by Baht 253.73 million, a decrease of corporate income tax by Baht 78.96 million which was related directly to the decrease of profit before income tax, a decrease of other operating expenses by Baht 23.71 million, an increase of net interest income by Baht 8.83 million and the increase of others operating incomes by Baht 2.51 million as per the following details :-

- 1.1 Net interest income increased by Baht 8.83 million from Baht 164.97 million in 2011 to Baht 173.80 million in 2012 mainly due to the increase in interest income by Baht 37.89 million which increasing from interest income of investments in debt securities due to the increase of investing in debt securities . While there were an increment in interest expense by Baht 29.06 million which was mainly due to the increase in interest expense of deposits and debt securities issued and borrowings due to the increase in interest rate of deposits and borrowings.

- 1.2 Net gain on investments decreased by Baht 610.81 million or 97.04% from Baht 629.45 million in 2011 to Baht 18.64 million in 2012 mainly due to gain from disposal of investment in the subsidiary company of Baht 629.80 million in 2011.
- 1.3 Other operating income increased by Baht 2.51 million mainly due to the increment in other income of Baht 6.80 million due to the increase in miscellaneous income and bad debt recovery. While, there was a decrement in dividend income of Baht 4.29 million.
- 1.4 Other operating expenses decreased by Baht 23.71 million or 19.41% from Baht 122.15 million in 2011 to Baht 98.44 million in 2012 mainly due to the decrease in other expenses of Baht 29.48 million which was mainly caused by the decrease in loss from TAMC's management of the non-performing assets and contributions. Besides, the increase in personnel expenses amounting to Baht 2.55 million, directors' remuneration amounting to Baht 0.75 million, premises and equipment expenses amounting to Baht 1.01 million, taxes and duties amounting to Baht 0.06 million and loss on impairment of properties foreclosed amounting to Baht 1.40 million.
- 1.5 Bad debt and doubtful accounts decreased by Baht 253.73 million or 100.00% from the amount of 2011 mainly due to no additional allowance for doubtful accounts was needed for year 2012.
- 1.6 Corporate income tax decreased by Baht 78.96 million or 64.00% from Baht 123.37 million in 2011 to Baht 44.41 million in 2012 which was related directly to the decrease of profit before income tax.
2. The consolidated net profit was decrease by Baht 249.99 million for the year 2011 from Baht 346.09 million as compared to the separate net profit for the year 2012 was due from as at July 21, 2011, the Company had sold the total shareholding in the subsidiary to OSK Investment Bank Berhad, Malaysia. However, the financial statements for the year ended December 31, 2011 included only the results of operation of the subsidiary for the period up to the selling date.



Total Incomes Structure

Major incomes of the Company comprised interest income, fees and services income, net gain on investments and other operating incomes. In 2012, these four major incomes recorded a total of Baht 393.78 million, a decrease from 2011's Baht 959.76 million, a decrease of Baht 565.98 million or 58.97%. The decrease was contributed from the decrement of net gain on investments by Baht 610.81 million, a decrease in fees and services income by Baht 3.57 million while the increase in interest income by Baht 37.89 million, an increase in other operating incomes by Baht 10.51 million. The details of the incomes are as follow:-

(1) Interest income

In 2012, total interest income were Baht 328.63 million, increase by Baht 37.89 million or 13.03% as comparing to Baht 290.74 million obtained in 2011. There were interest income from interbank and money market items amounted to Baht 19.77 million, interest income from investments in debt securities amounted to Baht 142.94 million and interest income from loans amounted to Baht 165.92 million.

Interest income from interbank and money market items decreased by Baht 16.70 million or 45.79%, were from Baht 36.47 million in 2011 to Baht 19.77 million obtained in 2012 due to the decrease in interbank and money market items.

Interest income from investments in debt securities increased by Baht 48.61 million or 51.53% from Baht 94.33 million in 2011 to Baht 142.94 million in 2012 due to the increment in investments.

Interest income from loans to customer increased by Baht 5.98 million or 3.74% from Baht 159.94 million in 2011 to Baht 165.92 million in 2012 due to the increase of interest received from debt under debt restructuring.

(2) Fees and services income

Fees and services income in 2012 amounted to Baht 4.95 million, Baht 3.57 million or 41.91% decrement from 2011's Baht 8.52 million due to the decrease in acceptance, aval and guarantees of Baht 0.37 million and others income of Baht 3.20 million which was mainly from loans fee.

(3) Net gain on investments

In 2012, net gain on investments was Baht 18.64 million, decrease by Baht 610.81 million or 97.04% as comparing to Baht 629.45 million obtained in 2011 which was mainly from disposal of investment in the subsidiary company in 2011.

(4) Other operating incomes

In 2012, other operating incomes was Baht 41.56 million, increase by Baht 10.51 million or 33.85% as comparing to Baht 31.05 million obtained in 2011. Income in 2011 was finance business of Baht 39.05 million are included dividend income from the subsidiary of Baht 8 million which affected the other operating incomes in preparing consolidated financial statements decreased to Baht 31.05 million.

For finance business, other operating incomes in 2012 increased by Baht 2.51 million or 6.43% increment from 2011's Baht 39.05 million to Baht 41.56 million caused by the decreasing dividend income by the amount of Baht 4.29 million from Baht 38.10 million in 2011 to Baht 33.81 million in 2012 while the increase in others income in the amount of Baht 6.80 million from Baht 0.95 million in 2011 to Baht 7.75 million, mainly resulting from bad debt recovery.

Operating Expenses

Operating expenses comprised interest expense which is the main expense under finance business and other operating expenses. Details of the operating expenses in 2012 are:-

(1) Interest Expenses

According to the company's financial statements, interest expenses in 2012 amounted to Baht 154.82 million, an increase of Baht 29.05 million or 23.10% compare to 2011's Baht 125.77 million due to the increase in interest rate on deposits and borrowings as compared in 2011, the average interest rate in 2012 was 3.52% which was higher than 2.79% in the year 2011, resulting from the Deposit Protection Agency has reduced the protection limit, as a result of high competition in the market. Moreover, the average outstanding of deposits and borrowings decreased from Baht 4,198.32 million in 2011 to Baht 3,935.51 million in 2012.



(2) Other operating expenses

Other operating expenses in the company's financial statements for 2012 totaled to Baht 98.44 million, a decrease of Baht 23.71 million or 19.41% as compare to Baht 122.15 million in 2011 due to the decrease in other expenses of Baht 29.48 million which was mainly caused by a decrease of loss from TAMC's management of the non-performing assets and contributions. Besides, the increase in personnel expenses amounting to Baht 2.55 million, directors' remuneration amounting to Baht 0.75 million, premises and equipment expenses amounting to Baht 1.01 million , taxes and duties amounting to Baht 0.06 million and loss on impairment of properties foreclosed amounting to Baht 1.40 million.

Net Profit

The operating results of the Company on stand-alone basis for accounting year ended December 31, 2012 showed a net profit of Baht 96.10 million, a decrease of Baht 249.99 million or 72.23% as compare to consolidated net profit of Baht 346.09 million obtained in year 2011. Major factors which affected the profitability were:-

(1) Finance business

Finance business posted a net profit of Baht 96.10 million, a decrease of Baht 246.64 million, representing a decrease of 71.96% as compared to net profit of Baht 342.74 million obtained in 2011. The decrement in net profit in the year 2012 was due to the decrease in net gain on investments of Baht 610.81 million which mainly represent from gain from disposal of investment in the subsidiary company, a decrease of fees and services income of Baht 3.57 million At the same time, there were some items which causing the increase of profit i.e. a decrease of bad debt and doubtful accounts written off by Baht 253.73 million, a decrease of corporate income tax by Baht 78.96 million which was related directly to the decrease of profit before income tax, a decrease of other operating expenses by Baht 23.71 million which mainly due to the decrease in loss from TAMC's management of non-performing assets by Baht 17.00 million. Besides, an increase of net interest income by Baht 8.83 million and the increase of others operating incomes by Baht 2.51 million.

(2) *Securities business*

As at July 21, 2011, the Company had sold the total shareholding of BFIT Securities Public Company Limited as a result to the financial statements for the year ended December 31, 2011 included only the results of operation of the subsidiary for the period up to the selling date which presented as profit from discontinued operations by Baht 23.24 million in the statements of comprehensive income.

In summary, the company's net profit for the company only in accounting year 2012 was Baht 96.10 million or Baht 0.48 EPS compared to Baht 1.71 EPS obtained in accounting year 2011. The net profit for the consolidated figures in accounting year 2011 was Baht 346.09 million or Baht 1.73 EPS.

Financial Position

Assets

Total assets of the Company as of December 31, 2012 amounted to Baht 5,964.43 million, Baht 22.12 million or 0.37% decrease from Baht 5,986.55 million at yearend 2011.

Major assets of the Company comprised interbank and money market items-net, investments-net , net loans to customer and accrued interest receivables and other assets. Details of the major assets were:

	December 31, 2012		December 31, 2011		Change
	Mil. Baht	%	Mil. Baht	%	Mil. Baht
Cash	0.02	0.01	0.02	0.01	-
Interbank and money market items - net	482.01	8.08	855.56	14.29	(373.55)
Investments - net	3,784.73	63.45	3,395.76	56.72	388.97
Net loans to customer and accrued interest receivables	1,642.63	27.53	1,661.05	27.74	(18.42)
Properties foreclosed - net	20.95	0.35	45.54	0.76	(24.59)
Land, premises and equipment - net	4.85	0.08	3.54	0.06	1.31
Intangible assets - net	0.01	0.01	0.04	0.01	(0.03)
Other assets	29.23	0.49	25.04	0.41	4.19



At yearend 2012, the company had Private Repurchase agreement of Baht 350 million or 5.87% of total assets. (Included in interbank and money market items)

The financial statements showed net investments of Baht 3,784.73 million at yearend 2012 increased by Baht 388.97 million from yearend 2011. The costs and revaluation surplus of the investments were as follows:-

		(Unit: Million Baht)	
		Fair value	
		2012	2011
9.1 Available-for-sale securities			
Government and state enterprise securities		982.22	1,030.36
Private sector debt securities		2,303.39	1,970.87
Domestic marketable equity securities and unit trusts		475.74	369.03
Total		3,761.35	3,370.26
		Cost/Amortized cost	
		2012	2011
9.2 Held-to-maturity debt securities			
Private sector debt securities		1.27	1.27
Less: Allowance for impairment loss		(1.27)	-
Total		-	1.27
		Cost	
		2012	2011
9.3 Other investments			
Domestic non-marketable equity securities		70.53	70.53
Total		70.53	70.53
Less: Allowance for impairment loss		(47.15)	(46.30)
Total		23.38	24.23
Total investments-net		3,784.73	3,395.76

9.4 The movement of investments

(Unit: Million Baht)

	2012	2011
Balance-beginning of the year	3,395.76	1,716.90
Add : Additions	2,250.15	3,199.15
Less : Disposal and redemption	(1,964.25)	(1,538.82)
Total	3,681.66	3,377.23
Add(Less) : Increase(Decrease) in changes in securities value	103.07	18.53
During the year		
Balance-end of the year	3,784.73	3,395.76

Total Investments of the Company was Baht 3,784.73 million increased by 11.46% from 2011 mainly due to the decrease in liquid assets in the form of private repo as well as the increase in the value of the securities held. The changes in 2 major investment asset classes are as the following:

- (1) Investments in private sector debt securities was Baht 2,303.39 million or 60.86% of total investments. This increased 16.87% from 2011.
- (2) Investments in domestic marketable equity securities and unit trusts was Baht 475.74 million or 12.57% of total investments. This increased 28.29% from 2011.

Net loans to customer and accrued interest receivables of the financial statements amounted to Baht 1,642.63 million in 2012, a decrease of Baht 18.42 million from Baht 1,661.05 million at the end of 2011 with the following details:-

(Unit : Million Baht)

	2012	2011	Change
Loans to customer	2,244.84	2,342.10	(97.26)
Accrued interest receivables	<u>11.16</u>	<u>11.40</u>	<u>(0.24)</u>
Total loans to customer and accrued interest receivables	2,256.00	2,353.50	(97.50)
<u>Less</u> : deferred incomes	(7.74)	(11.16)	3.42
<u>Less</u> : allowance for doubtful accounts	(594.41)	(666.79)	72.38
<u>Less</u> : allowance for revaluation of debt restructuring	<u>(11.22)</u>	<u>(14.50)</u>	<u>3.28</u>
Net loans to customer and accrued interest receivables	<u>1,642.63</u>	<u>1,661.05</u>	<u>(18.42)</u>



The decrement in net loans to customer and accrued interest receivables was contributed from the decrease in loans to customer of Baht 97.26 million from Baht 2,342.10 million at the end of year 2011 to Baht 2,244.84 at the end of year 2012, the decrement in allowance for doubtful accounts by Baht 72.38 million from 666.79 million in 2011 to Baht 594.41 million in 2012 due to no additional allowance for doubtful accounts was needed for year 2012 and the decrement in allowance for revaluation of debt restructuring of Baht 3.28 million and the decrement in accrued interest receivables of Baht 0.24 million from Baht 11.40 million in 2011 to Baht 11.16 million in 2012. However, the company was still cautious in granting lending while the company continued to focus on short-term loans for company's working capital that the Company's customer base remained mostly on small and medium Enterprise.

Liabilities

The financial statements showed that at the end of 2012, the Company's liabilities totaled to Baht 4,000.54 million comparing to Baht 4,141.84 million at the end of 2011, a decrease of Baht 141.30 million. This was contributed from a decrease in debt securities issued and borrowings of Baht 1,915.59 million, the decrement in corporate income tax payable of Baht 97.60 million and the decrement in withholding tax payables of Baht 0.41 million. While the increment in deposits, provisions, accrued interest payable and other liabilities of Baht 1,849.93 million, Baht 1.56 million, Baht 12.73 million and Baht 8.08 million respectively. Significant liabilities were deposits and borrowings amounted to Baht 3,881.38 million at yearend 2012 or accounted for 97.02% of total liabilities. Of which Baht 3,678.44 million represented borrowings and deposits from public and foreign countries, an increase by Baht 1,849.93 million comparing to Baht 1,828.51 million at yearend 2011, debt securities issued and borrowings by Baht 202.94 million, a decrease of Baht 1,915.59 million from Baht 2,118.53 million at yearend 2011 as a result to deposits and borrowings decreased by Baht 65.66 million, accrued interest payable was by Baht 41.85 million, increased by Baht 12.73 million from Baht 29.12 million, withholding tax payable was Baht 2.62 million, decreased by Baht 0.41 million from Baht 3.03 million, corporate income tax payable was Baht 24.88 million, decreased by Baht 97.60 million from Baht 122.48 million, other liabilities was Baht 38.60 million, increased by Baht 8.08 million from Baht 30.52 million and provisions was Baht 11.21 million, increased by Baht 1.56 million from Baht 9.65 million.

Owners' Equity

The financial statements as of December 31, 2012 showed that owner's equity was at Baht 1,963.88 million, higher than that as of December 31, 2011 by Baht 119.17 million. The change was a net result of net profit of Baht 96.10 million, dividend payment of Baht 80 million and other components of equity increased by Baht 103.07 million which was due to the increment in valuation of the available for sale investments. Details in owners' equity account at yearend 2012 comprised issued and paid up share capital of Baht 1,000.00 million, other component of equity of Baht 211.64 million, statutory reserve of Baht 100.00 million and unappropriated retained earnings of Baht 652.24 million. Unappropriated retained earnings of Baht 652.24 million at the yearend 2012 came from net profit for the year of Baht 96.10 million and retained earnings at the end of 2011 of Baht 641.14 million, less statutory reserve of Baht 5.00 million and dividend payment of Baht 80 million. Other components of equity was Baht 211.64 million at the end of 2012 derived from the difference between available-for-sale securities' market price at the end of 2012 versus cost of securities with the following details:

	2012
	(Mil. Baht)
Surplus (deficit) from debt securities	36.21
Surplus (deficit) from equity securities & warrants	<u>175.43</u>
Total surplus (deficit) from change in valuation on investments	<u>211.64</u>

Assets Quality, Liquidity, Reserves, and Capital Fund Requirements

Loans

A. Component of loans as classified by type of business

Loans classified by type of business	2012		2011	
	Mil. Baht	%	Mil. Baht	%
Manufacturing and Commerce	285.11	12.74	407.56	17.48
Real estate and construction	190.03	8.50	274.24	11.77
Public utilities and services	263.97	11.80	290.61	12.47
Others	<u>1,497.99</u>	<u>66.96</u>	<u>1,358.53</u>	<u>58.28</u>
Total loans net of deferred incomes	<u>2,237.10</u>	<u>100.00</u>	<u>2,330.94</u>	<u>100.00</u>



The financial statements as of December 31, 2012 showed total loans net of deferred incomes decreased by Baht 93.84 million from Baht 2,330.94 million at the end of 2011 to Baht 2,237.10 million at the end of 2012 due to the decrement in manufacturing and commerce sector of Baht 122.45 million from Baht 407.56 million at the end of 2011 to Baht 285.11 million at the end of 2012. The real estate and construction sector decreased by Baht 84.21 million from Baht 274.24 million at the end of 2011 to Baht 190.03 million at the end of 2012, a decrease in public utilities and services sector of Baht 26.64 million from Baht 290.61 million at the end of 2011 to Baht 263.97 million at the end of 2012, and others increased by Baht 139.46 million from Baht 1,358.53 million at the end of 2011 to Baht 1,497.99 million at the end of 2012. For the concentration of loans by business categories, others held the major part at 66.96%, manufacturing and commerce stood at 12.74%, public utilities and services at 11.80%, real estate and construction at 8.50%

B. Classification of loans and allowance for doubtful accounts

In accordance with the Bank of Thailand's rules and regulations, finance business has classified debtor accounts into 6 classes and had set up the minimum provision according to this classification by which provision required by BOT was calculated from the debtor account after deducting collateral value. As at December 31, 2012, classification of loans and provision for doubtful accounts in financial statements of the Company were as follow:-

(Unit: Thousand Baht)

	2012				
	Loans and accrued interest receivables	Net balance used in made allowance for doubtful accounts ⁽¹⁾	Percent used for calculating the allowance (Percent)	Allowance for doubtful accounts The minimum requirement of BOT	Amount already set up by the Company
Normal	1,564.00	1,557.99	1	15.58	163.81
Special mention	244.46	239.32	2	4.79	166.75
Sub-standard	85.50	20.18	100	20.18	20.18
Doubtful	85.27	24.93	100	24.93	24.93
Doubtful of loss	269.03	113.54	100	113.54	117.04
Provision exceeded uncollectibility receivables	-	-		-	101.70
Total ⁽²⁾	2,248.26	1,955.96		179.02	594.41

(1) Net balance used in setting allowance for doubtful accounts for loans classified as normal and special mention is principal balance net of deferred incomes, excluding accrued interest receivables, and after deducting collateral values. For Substandard, doubtful and doubtful of loss, it is the principal balance net of deferred incomes plus accrued interest receivables, after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals, as the case may be.

(2) Loans receivable balance net of deferred incomes plus accrued interest receivable.

The outstanding balances of loans after deduction of collateral value used in a calculation of allowance for doubtful accounts are in accordance with those per the Company's asset classification report submitted to the Bank of Thailand. These balances include loans to employees but exclude accrued interest receivables for loan classified as normal.

Non-Performing Loans (NPLs)

The financial statements showed that the outstanding balance of non-performing loans at the end of 2012 and 2011 were Baht 439.80 million and Baht 555.08 million respectively, representing an decrease of Baht 115.28 million, due to one of the debtors can comply with the rehabilitation plan, as a result this loan was reclassified from doubtful of loss to normal account and another debtor had settled its total outstanding of loan with the company, causing the non-performing loans to decrease by Baht 100.06 million and Baht 90 million, respectively. Besides, a reclassification had been made for a loan from special mention to sub-standard for Baht 75 million due to the debtor had passed away. Non-performing loans' proportion constituted 17.00% of total loans and receivables for the yearend 2012 and 17.73% for the yearend 2011. Non-performing loans' proportion of total loans and receivables in 2012 lower than the amount in 2011 due to non-performing loans in 2012 decreased from 2011.

Quality of Investments in Securities

In 2012, the Company had income from investments total Baht 195.38 million comparing to Baht 761.88 million in 2011 or 74.36% lowered as in 2011. The Company had a gain from disposal of BFIT Securities Public Company Limited for Baht 629.80 million. Revenues for the year 2012 included interest income from investments in debt securities Baht 142.93 million , net gain on investments Baht 18.64 million and dividend income Baht 33.81 million. The details are as follow:

- (1) Interest income from debt securities Baht 142.93 million increasing from Baht 94.33 million in 2011 or 51.53% due to the increase in debt securities investments.
- (2) Net gain on investments Baht 18.64 million decreasing from Baht 629.45 million in 2011 or 97.04% as the Company realized profit from general investments in 2012 only while there was disposal of investment in BFIT Securities PCL in 2011.



- (3) Dividend income Baht 33.81 million decreasing from Baht 38.10 million in 2011 or 11.26% due to the disappearance of dividend from BFIT Securities PCL already sold. However, the Company earned more dividends from the existing investments.

Overall quality of investments asset improved from 2011 as market price of both debt and equity securities steadily gained throughout 2012. Unrealized gain from investments at the end of 2012 was Baht 211.64 million increasing from Baht 108.57 million in 2011.

All investment transactions were carefully considered in terms of issuers' financial status and credit ratings. Asset class allocations were well monitored to maintain proper risk-return level together with liquidity sufficiency. Therefore, there was no default event occurred in the whole year 2012. All domestic marketable equity securities and unit trusts were well considered in terms of issuers' financial status, yields, and liquidity sufficiency as well.

Company's Liquidity

As at the end of year 2012, the Company had a total of Baht 1,464.04 million of liquid assets under the definition of BOT or 37.18% of total deposits and borrowings of Baht 3,938.14 million which was much higher than the 6.00% requirement stipulated by the BOT. The above-mentioned liquid assets consisted of cash deposits at the BOT in the amount of Baht 105.67 million, deposits at banks without obligations of Baht 26.15 million, debentures bonds or warrants of state enterprises that were founded by public companies without obligations and transferable of Baht 180.75 million and securities or warrants of Bank of Thailand without obligations of Baht 1,151.47 million. The above-mentioned liquid assets had included Private Repurchase Agreement of Baht 350 million.

Relationships between sources and uses of fund

The Company's sources of fund come from deposits and borrowings from general public and its own capital while its uses of fund are mostly in the investments in securities, and loans. As at the end of 2012, the above-mentioned sources and uses of fund could be divided according to the aging of deposits, debt instruments and loans in the financial statements as the following:-

(Unit : Million Baht)

Period	Deposits and Borrowings	%	Loans	Investments in ⁽¹⁾ debt securities	Investments in ⁽²⁾ Private Repurchase Agreement	Gap.
Call	111.49	2.87	723.23	-	350.00	961.74
≤ 1 year	3,758.30	96.83	147.62	947.08	-	(2,663.60)
> 1 year	<u>11.59</u>	<u>0.30</u>	<u>1,373.99</u>	2,303.59	-	<u>3,665.99</u>
Total	<u>3,881.38</u>	<u>100.00</u>	<u>2,244.84</u>	<u>3,250.67</u>	<u>350.00</u>	<u>1,964.13</u>

Remarks 1) Only principal excluding allowance for revaluation of Baht 36.21 million.

2) Since Private Repurchase Agreement of Baht 350 million that the duration was not over due 14 days as of December 31, 2012, it was classified as at call.

Sources of fund in the forms of deposits and borrowings at the end of 2012 totaled to Baht 3,881.38 million of which Baht 111.49 million or 2.87% represented at call, Baht 3,758.30 million or 96.83% due not over 1 year and Baht 11.59 million or 0.30% due over 1 year. The ratio of deposits and borrowings based on the remaining period of contracts at the end of 2012 was call : not over 1 year : over 1 year at 2.87 : 96.83 : 0.30. It can be seen that the majority of sources of funds was short term deposit. Uses of fund in the forms of loans, investments in debt instruments and in Private Repurchase Agreement were still not match in maturity profile with the sources of fund as there were loans under call basis or short term investments not more than 1 year in the low ratio while those of more than 1 year were high as compared to maturity profile of sources of fund which was common for finance business because most of clients prefer to renew their Deposit receipts. However, when considering the Company's liquidity position by the definition of BOT, at the end of 2012, the Company had total of liquid assets of Baht 1,464.04 million or 37.18% of total deposits and borrowings and most of the Company's debts securities are trading in the secondary market. Therefore, the Company had no liquidity problem due to mismatch of sources and uses of fund since it maintained substantial liquid assets.

Reserves and Capital Fund Requirements

Capital Adequacy Ratio

At yearend 2012, the Company had capital-to-risk assets ratio of 44.73% which was much higher when comparing to the BOT's requirement of 8%.



Report of the Board of Directors' Responsibilities for Financial Statements

The Board of Directors is responsible as the directors of the listed company in the Stock Exchange of Thailand to oversee the financial statements for year 2012 be accurate and performed in compliance with generally accepted accounting standards.

The Board of Directors has appointed the Audit Committee which comprises of three independent directors whose experience and competence are qualified in accordance with the regulations of the Stock Exchange of Thailand, to review the accuracy of the Company's financial statements and disclosure of related parties' transactions. In addition, the Audit Committee oversees the adequacy and efficiency of internal control system and oversees the Company's operation to be conformable with laws and regulations of the Company's regulators.

The Board of Directors comments that the consolidated financial statements of the Company for year 2012 ended on December 31, 2012 which were jointly reviewed by the Audit Committee, Management and independent auditor were accurately and adequately performed in compliance with generally accepted accounting standards and related laws and regulations.

(Professor Dr. Wissanu Krea-ngarm)
Chairman of the Board of Directors

(Mrs. Kingthien Bang-or)
Acting Managing Director

BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2012 AND 2011



Report of Independent Auditor

To The Shareholders of Bangkok First Investment & Trust Public Company Limited

Report on Audit of Financial Statements

I have audited the financial statements of Bangkok First Investment & Trust Public Company Limited as at December 31, 2012, and the related statements of comprehensive income, statements of changes in owners' equity and statements of cash flows for the year ended December 31, 2012, and notes to financial statements including a summary significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and the true and fair presentation of these financial statements in accordance with the Financial Reporting Standards. This responsibility includes implementing internal control relevant to the preparation and the true and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. An audit involves examining procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessing of the risks of material misstatements of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are properly appropriated in the circumstances, but do not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidences, I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bangkok First Investment & Trust Public Company Limited as at December 31, 2012, and the results of its operation and cash flows for the year ended December 31, 2012 in conformity with Financial Reporting Standards.

D I A International Audit Co., Ltd.



(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 26, 2013



BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

		(Unit: Baht)	
	Note	2012	2011
ASSETS			
Cash		20,000	20,000
Interbank and money market items - net	8	482,008,100	855,566,585
Investments - net	9	3,784,728,121	3,395,757,771
Net loans to customer and accrued interest receivables	10		
Loans to customer		2,244,839,697	2,342,101,438
Accrued interest receivables		11,156,625	11,401,325
Total loans to customer and accrued interest receivables		2,255,996,322	2,353,502,763
Less: Deferred incomes		(7,735,879)	(11,161,013)
Less: Allowance for doubtful accounts	12	(594,412,082)	(666,794,247)
Less: Allowance for revaluation of debt restructuring	13	(11,222,983)	(14,501,462)
Net loans to customer and accrued interest receivables		1,642,625,378	1,661,046,041
Properties foreclosed - net	15	20,952,166	45,541,791
Land, premises and equipment - net	16	4,847,393	3,538,114
Other intangible assets - net	17	13,812	43,906
Other assets - net	18	29,230,059	25,035,670
Total assets		5,964,425,029	5,986,549,878

Notes to financial statements are parts of these financial statements.

BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2012 AND 2011

		(Unit: Baht)	
	Note	2012	2011
Liabilities and owners' equity			
Deposits			
From public		3,676,652,586	1,826,792,395
From foreign countries		1,788,288	1,720,115
Total deposits	19.1	3,678,440,874	1,828,512,510
Debt securities issued and borrowings	19.2	202,941,227	2,118,530,388
Provisions		11,206,102	9,645,535
Other liabilities			
Accrued interest payable		41,852,644	29,121,161
Withholding tax payable		2,620,145	3,035,473
Corporate income tax payable		24,878,747	122,479,284
Others		38,602,685	30,517,752
Total other liabilities		107,954,221	185,153,670
Total liabilities		4,000,542,424	4,141,842,103

Notes to financial statements are parts of these financial statements.



BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2012 AND 2011

(Unit: Baht)

	Note	2012	2011
Liabilities and owners' equity (Cont.)			
Share capital			
Authorised share capital			
300,000,000 ordinary shares			
of Baht 5 each		1,500,000,000	1,500,000,000
Issued and paid-up share capital			
200,000,000 ordinary shares			
of Baht 5 each		1,000,000,000	1,000,000,000
Other components of equity	20	211,645,550	108,570,984
Retained earnings			
Appropriated - statutory reserve	21	100,000,000	95,000,000
Unappropriated		652,237,055	641,136,791
Total owners' equity		1,963,882,605	1,844,707,775
Total liabilities and owners' equity		5,964,425,029	5,986,549,878

Notes to financial statements are parts of these financial statements.

BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

		(Unit: Baht)	
	Note	2012	2011
Interest income			
Interbank and money market items		19,769,368	36,465,955
Investments in debt securities		142,934,899	94,328,971
Loans		165,922,557	159,943,156
Total interest income		328,626,824	290,738,082
Interest expenses			
Deposits		80,090,946	70,867,047
Interbank and money market items		-	117,099
Contribution fee to FIDF and the Deposit Protection Agency		17,288,547	11,389,995
Debt securities issued and borrowings		57,444,990	43,389,056
Borrowings fees		458	2,695
Total interest expenses		154,824,941	125,765,892
Net interest income		173,801,883	164,972,190
Fees and services income			
Acceptances, aval and guarantees		282,346	652,350
Others		4,667,815	7,868,946
Total fees and services income		4,950,161	8,521,296
Net gain (loss) on investments	24		
Gain (loss) on disposal of investments		20,761,443	629,795,410
Loss on impairment of investments		(2,124,395)	(348,505)
Net gain (loss) on investments		18,637,048	629,446,905
Other operating incomes			
Dividend income		33,811,312	38,097,693
Others income		7,752,543	955,402
Total other operating incomes		41,563,855	39,053,095

Notes to financial statements are parts of these financial statements.



BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

		(Unit: Baht)	
	Note	2012	2011
Other operating expenses			
Personnel expenses		58,708,883	56,156,924
Directors' remuneration		5,209,998	4,460,000
Premises and equipment expenses		11,909,928	10,895,731
Taxes and duties		5,566,594	5,507,887
Loss on impairment of properties foreclosed		1,650,000	250,000
Other expenses		15,392,927	44,877,462
Total other operating expenses		98,438,330	122,148,004
Impairment loss of loans and debt securities (reversal)	27	-	253,732,396
Profit (loss) from operating before income tax expense		140,514,617	466,113,086
Corporate income tax	29	(44,414,353)	(123,374,679)
Profit (loss) for the year		96,100,264	342,738,407
Other comprehensive incomes			
Gain (loss) on revaluation available-for-sale investments		103,074,566	18,533,724
Total other comprehensive incomes		103,074,566	18,533,724
Total comprehensive income		199,174,830	361,272,131
Basic earnings per share		0.48	1.71

Notes to financial statements are parts of these financial statements.

BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN OWNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

(Unit: Baht)

	Note	Issued and paid-up share capital	Other components of equity	Retained earnings		Total
				Appropriated	Unappropriated	
Balance as at January 1, 2011		1,000,000,000	90,037,260	77,000,000	374,136,997	1,541,174,257
Adjustment for employee benefits	4	-	-	-	(6,174,721)	(6,174,721)
Adjustment for interest income		-	-	-	(11,563,892)	(11,563,892)
Balance after adjustment		1,000,000,000	90,037,260	77,000,000	356,398,384	1,523,435,644
Total comprehensive income		-	18,533,724	-	342,738,407	361,272,131
Dividend paid		-	-	-	(40,000,000)	(40,000,000)
Appropriated - statutory reserve		-	-	18,000,000	(18,000,000)	-
Balance as at December 31, 2011		1,000,000,000	108,570,984	95,000,000	641,136,791	1,844,707,775
Total comprehensive income		-	103,074,566	-	96,100,264	199,174,830
Dividend paid	22	-	-	-	(80,000,000)	(80,000,000)
Appropriated - statutory reserve		-	-	5,000,000	(5,000,000)	-
Balance as at December 31, 2012		1,000,000,000	211,645,550	100,000,000	652,237,055	1,963,882,605

Notes to financial statements are parts of these financial statements.



BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

(Unit : Baht)

	Note	2012	2011
Cash flows from operating activities			
Profit (loss) before corporate income tax		140,514,617	466,113,086
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortisation		570,467	426,992
Bad debt and doubtful accounts	27	-	253,732,396
Interest expense		154,824,941	125,765,892
(Gain) Loss on debt restructuring		(170,894)	-
(Gain) Loss on disposal of assets		-	(219,625)
(Gain) Loss on disposal of investments	24	(20,761,443)	(629,795,410)
(Gain) Loss on impairment of investments	24	2,124,395	348,505
Loss on impairment of properties foreclosed		1,650,000	250,000
Amortization of premium (discount) on investments in debentures		(4,245,796)	12,766
Write - off equipment		-	66
Allowance for employee benefits		1,560,567	1,200,606
Interest income		(328,626,824)	(290,738,082)
Dividend income		(33,811,312)	(38,097,693)
Cash received from interest income		325,290,261	274,394,850
Cash received from dividend income		33,811,312	38,097,693
Cash paid for interest expenses		(142,093,458)	(114,119,289)
Cash paid for corporate income tax		(142,014,890)	(3,947,528)
Profit (Loss) from operating activities before changes in operating assets and liabilities		(11,378,057)	83,425,225

Notes to financial statements are parts of these financial statements.

BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

		(Unit : Baht)	
	<u>Note</u>	<u>2012</u>	<u>2011</u>
(Increase) decrease in operating assets			
Interbank and money market items		450,000,000	600,000,000
Loans to customer		42,936,482	248,273,866
Other assets		(3,231,740)	(674,548)
Increase (decrease) in operating liabilities			
Deposits		1,849,928,364	(1,975,555,967)
Interbank and money market items		-	(10,540,000)
Debt securities issued and borrowings		(1,915,589,161)	1,132,552,138
Other liabilities		7,669,605	13,906,992
Net cash flows provided by (used in) operating activities		<u>420,335,493</u>	<u>91,387,706</u>
Cash flows from investing activities			
Cash paid for purchase of equipment		(1,849,652)	(1,615,152)
Cash paid for investments		(2,250,148,005)	(3,199,150,569)
Proceeds from sales of equipment		-	235,000
Proceeds from disposal of properties foreclosed		1,055,437	197,921
Cash from disposal and redemptions of investments		1,987,135,064	2,562,221,204
Net cash flows provided by (used in) investing activities		<u>(263,807,156)</u>	<u>(638,111,596)</u>
Cash flows from financing activities			
Dividend paid		(80,000,000)	(40,000,000)
Net cash flow provided by (used in) financing activities		<u>(80,000,000)</u>	<u>(40,000,000)</u>
Net increase (decrease) in cash and cash equivalents		76,528,337	(586,723,890)
Cash and cash equivalents at beginning of the year		55,313,942	642,037,832
Cash and cash equivalents at end of the year	4	131,842,279	55,313,942

Notes to financial statements are parts of these financial statements.



BANGKOK FIRST INVESTMENT & TRUST PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

1. GENERAL INFORMATION

Bangkok First Investment & Trust Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The principal activity of the Company is the finance business. Its registered address is 23rd Floor, Bangkok Insurance / Y.W.C.A. Building, 25 Sathon Tai Road, Thung Mahamek, Sathon, Bangkok.

2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 Preparation of interim financial statements basis

These financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

These financial statements have been prepared in conformity with the Accounting Standards TAS 1 (Revised 2009) “Presentation of Financial Statements”, under the revised accounting standards.

The financial statements have been prepared in accordance with accounting standards enunciated by the Federation of Accounting Professions and the regulations issued by the Stock Exchange of Thailand dated January 22, 2001 relating to the preparation and presentation of the financial statements and financial status reports and performance of the listed company B.E. 2544. The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand No. SorNorSor. 12/2553 relating to the preparation and notification of the financial statements of finance and credit foncier companies dated December 3, 2010.

These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

These financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in notes to financial statements.

2.2 New accounting standards issuance

The number of other TFRS which are expected to be effective for financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements as follows:

<u>Accounting Standards/Standard</u>	
<u>Interpretation Committee</u>	<u>Topic</u>
TAS 12	Income taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effect of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non - Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
Conceptual Framework	Transfer Transaction of Financial Assets

The Company's management has assessed TAS 12 "Income taxes". Will not have any significant impact on financial statements. The Company shall adopt these relevant standards on the effective dates.

In addition to the above new and revised TFRS, the FAP has issued. Which are expected to be effective for financial statements beginning on or after January 1, 2014 as follows:



<u>Standard Interpretation</u>	
<u>Committee/Financial Reporting</u>	<u>Topic</u>
<u>Interpretation Committee</u>	
TSIC 29	Service Concession Arrangements: Disclosures
TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes

The Company is being evaluated the effect of the above mentioned financial reporting standards to financial statements in the year in which they are initially applied.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Company are summarised below.

3.1 Revenues and expenses recognition

(a) Interest and discounts on loans

Interest income on loans is recognised over the term of the loan based on the amount of principal outstanding. The Company ceases recognising interest income on an accrual basis for loans for which principal or interest payments are over 3 months past due. The interest income previously recognised is reversed and interest henceforth recognised on a cash basis, in accordance with notifications of the Bank of Thailand.

Interest income on restructured loans of the Company is recognised on the same accrual basis as used for loans described above. However, for loans that are subject to monitoring for compliance with restructuring conditions, the Company recognises interest income on a cash basis until the borrower is able to comply with the restructured conditions for a period of not less than three months or three installments, whichever is longer.

Interest or discounts which are already included in the face value of notes receivable or loans are deferred and taken up as income evenly throughout the term of the notes or loans.

Interest income on hire purchase of the Company is recognised on allocation of hire purchase interest throughout the installments period by using effective rate method which recognised upon the date of installment due. Hire purchase interest will not be recognised when the payment is overdue for 3 months.

(b) Interest and dividends on investments in securities

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends from investments in securities are recognised as income when the entitlement to receive the dividends arises.

(c) Gains (losses) on trading in securities

Gains (losses) on trading in securities are recognised as income or expense on the transaction dates.

(d) Fees and services income

Fees are recognised as income on an accrual basis. Services income are recognised when services have been rendered taking into account the stage of completion.

(e) Expenses

Expenses are recognised on an accrual basis.

3.2 Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest included in the face value of the deposit receipts or the notes payable are recorded as deferred interest and amortised to expenses evenly throughout the term of the deposit receipts or the notes.



3.3 Income tax

Income tax is provided for in the accounts based on the taxable profits determined in accordance with tax legislation by using the tax rate as described in note 29.

3.4 Basic earnings per share

Basic earnings per share that presents in the statements of comprehensive income is basic earning per share which is determined by dividing net income for the periods by the weighted average number of ordinary shares held by outside shareholders in issue during the periods.

3.5 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include all kinds of cash on hand and at banks, but exclude negotiable certificates of deposit (NCDs) and deposit at financial institution under resale agreements.

3.6 Securities purchased under resale agreements

The Company enters into purchases of securities under agreements to resell securities at certain dates in the future at a fixed price. Amounts paid for securities purchased subject to a commitment to be resold at a future date are presented as assets under the caption of “Interbank and money market items” or “Loans to customer” depending on the counterparty. These receivables are shown as collateralised by the underlying security.

3.7 Investments

- a) Investments in securities held for trading are presented at fair value. Gains or losses arising from changes in the value of securities are included in statements of comprehensive income.
- b) Investments in available-for-sale securities are presented at fair value. Changes in the value of securities are separately shown in owner’ equity to other

comprehensive income (expense) until the securities are sold, and the changes are then included in statements of comprehensive income.

- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are valued at cost net of allowance for loss on diminution in value (if any).

The fair value of securities and unit trusts listed on the Stock Exchange of Thailand is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The fair value of debt instruments which are listed on the Thai Bond Market Association is determined using the average bid yield quoted by the Thai Bond Market Association on the last working day of the year. If no average bid yield is available, then the yield on the latest transaction is used, providing this was not more than one month, and that there have been no significant changes in the economic situation between the date of the latest transaction and the valuation date. Calculation of the fair value is determined using the formula quoted by the Thai Bond Market Association.

The fair value of debt instruments which are not listed on the Thai Bond Market Association or listed but are not active securities, is determined using the government bond yield curve published by the Thai Bond Market Association on the last working day of the year as a benchmark and then adjusted by an appropriated risk premium.

The fair value of unit trusts is determined from their net asset value at the end of year.

The weighted average method is used for computation of the cost of investment.



In the event of reclassifying investments, the investments are valued at their fair value prevailing on the reclassification date. Differences between the carrying value of the investments and their fair value on that date are recorded as gains (losses) in the statements of comprehensive income.

3.8 Allowance for doubtful accounts and allowance for revaluation of debt restructuring

The Company sets aside an allowance for doubtful accounts and an allowance for revaluation of debt restructuring based on the guidelines laid down in the Bank of Thailand's Notification ("BOT"), and by analyzing and evaluating debtors' status based on the collateral valuation and risk assessment.

The Company has implemented a policy not to reverse the excess allowance for doubtful accounts that are able to settle their debt under debt restructuring agreement signed with the company.

On August 3, 2008, BOT issued the guidelines No. SorNorSor. 31/2551 on determining rule of classified by loan classification and allowance for doubtful accounts of financial institutions. As at December 31, 2012, the Company already set aside provision in accordance with the BOT's guidelines.

3.9 Troubled debt restructuring

Under the Company's accounting policy for troubled debt restructuring, if payment of debt is received through the transfer of property or financial instruments, or if equity in the debtor is received as a result of a debt to equity conversion, the Company records the assets received at their fair value. Losses arising from differences between the book value of the debt and the fair value of the assets are recorded in the statements of comprehensive income, taking into account the existing allowance for doubtful accounts.

If debt restructuring includes the allowance of a relaxation of debt repayment conditions to the debtor, the Company will record the loss arising from the revaluation

of the book value of the debtor, determined on the basis of the present value of the future cash flows to be received under the new conditions, applying the Minimum Loan Rate (MLR) of Bangkok Bank Public Company Limited for discounting. Any amount by which the newly determined book value is lower than the previous book value, including interest receivable, is recorded as a loss from debt restructuring in the statements of comprehensive income.

Losses from troubled debt restructuring arising from reductions of principal and interest are included in the statements of comprehensive income.

3.10 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value with reference to the latest appraisal value less estimated selling expenses (if any).

Properties foreclosed received as a result of debt restructuring, is recorded at its fair value, minus estimated selling expenses, but this is not to exceed the balance of the principal and interest receivable legally claimable.

Gain (loss) on disposal of properties foreclosed is recorded as income or expenses in the statements of comprehensive income when the disposal is made. Impairment loss is recognised as expenses in the statements of comprehensive income.

3.11 Land, premises and equipments and depreciation

Land is stated at cost. Buildings and equipments are stated at cost less accumulated depreciation and provision for loss on impairment of assets (if any).

Depreciation of buildings and equipments is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings	20 years
Computers and equipments	3 - 5 years
Furniture, fixtures and installations	5 years
Motor vehicles	5 years



Depreciation is included in the determining income.

No depreciation has been provided for land and assets under installation.

3.12 Intangible assets

Intangible assets acquired are stated at cost less accumulated amortisation and provision for impairment (if any). Amortisation is calculated by reference to cost on a straight-line basis over the expected future period for which the asset is expected to generate economic benefit, as follows:

Computer software	5 years
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Amortisation is included in the results of operation.

3.13 Sales of bills of exchange

Sales of bills of exchange that carry no acceptances or aval from financial institutions with recourse clause are recorded as liabilities under the caption of “Liabilities under commercial papers sold”. The amount of debt recorded upon the purchase of the bills will be credited when the bills are due and collected.

3.14 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals 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.

3.15 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset’s recoverable amount. Where the carrying amount of the asset exceeds its

recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statements of comprehensive income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

3.16 Employee benefits

Provident fund

The Company has established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in the statements of comprehensive income in the period in which they are incurred.

Compensation for employees retirement (Defined benefit plan)

The Company calculated employee benefits liabilities for post-employment benefits by using Projected Unit Credit Method estimated by the certified actuary. Such obligations are estimated on the actuarial method by utilizing various assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary increment, employee turnover, mortality and inflation rate. Actuarial gains or losses for the employee benefits plan will be recognised immediately in the statements of comprehensive income.

3.17 Provisions

The Company recognises a provision when a present legal or constructive obligation exists as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If it is certain that some or all the expenditure to settle a provision, is expected to be reimbursed, the Company will record amount as a separate item of asset. The amount recognised should not exceed the amount of the provision.



3.18 Financial instruments

Financial instruments presented in the statements of financial position consist of cash, Interbank and money market items, investments, loans to customer, deposits, debt securities issued and borrowings. The accounting policy used for each accounting transaction has been separately shown under the related caption.

The Company has no policy to speculate in or engage in the trading of any derivative instruments.

3.19 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles required the management to make several estimates and assumption which affect the reported amounts in the financial statements and notes related thereto. Consequent actual results may differ from those estimates.

The Company makes estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, provision for impairment of assets and employees retirement benefit expenses at the statements of financial position date. Other estimates are described in the corresponding disclosures.

4. CASH AND CASH EQUIVALENTS

	(Unit: Baht)	
	2012	2011
Cash	20,000	20,000
Deposit at financial institution	131,822,279	55,293,942
Total cash and cash equivalents	131,842,279	55,313,942

5. DEPOSIT PROTECTION AGENCY ACT B.E.2551/THE EMERGENCY DECREE IMPROVING THE MANAGEMENT OF LOAN MADE BY THE MINISTRY OF FINANCE FOR ASSISTING FINANCIAL INSTITUTIONS DEVELOPMENT FUND B.E.2555

5.1 On February 13, 2008, the Deposit Protection Agency Act B.E.2551 (“The Act”) was announced in the Royal Gazette, and will become effective 180 days from the announcement date. The significant content of the Act concerns the cancellation of the protection of deposits and interest in accordance with the regulations of the Financial Institutions Development Fund, whereby the protection limit will be gradually reduced over a 4 year period, such that it will stand at Baht 1 million per financial institution from the fifth year after such Act becomes effective. On October 28, 2008 the Cabinet passed the resolution to approve the Royal Gazette draft in respect of the amount of deposit protection by extending the period of protection limit from the first to the third year, stand at fully amount of deposit and reduced to Baht 50 million in the fourth year and Baht 1 million from the fifth year. Later on September 24, 2012, the Royal Decree on an extension of deposit protection B.E. 2555. Which is effective on August 11, 2012, act becomes effective. The details are deposit protection as follows:

<u>Period which Financial Institution were closed</u>	<u>Amount</u>
August 11, 2012 – August 10, 2015	No exceed Baht 50 million
August 11, 2015 – August 10, 2016	No exceed Baht 25 million
August 11, 2016 onwards	No exceed Baht 1 million

5.2 On January 26, 2012, the Emergency Decree improving the Management of Loan Made by the Ministry of Finance for Assisting Financial Institutions Development Fund B.E. 2555 announced in the Royal Gazette which is effective on the next date of pronouncement. Under the Emergency Decree, the Bank of Thailand has been authorised to collect the contribution for Financial Institutions Development Fund, by determined the rate, criteria and methodology of contribution. The contribution to accumulated account for settlement principal to compensate the damages of Financial Institutions Development Fund is based on the announcement of the Bank of Thailand No.SorKorSor.3/2555.



6. THE EMERGENCY DECREE ESTABLISHING THAI ASSET MANAGEMENT CORPORATION

On June 7, 2001, the Government issued an Emergency Decree establishing Thai Asset Management Corporation (TAMC). Under this Emergency Decree, financial institutions may choose whether to join the scheme and transfer those of their non-performing assets which meet the stipulated conditions to TAMC, within the specified timeframe. The assets are to be transferred at a price equal to the value of the collateral or a price stipulated by the Board of TAMC and any future profits and responsibility for losses from the non-performing assets are to be shared. The Company's management agreed to join the scheme, and in 2001 the Company transferred a total of 4 non-performing loans, with book values amounting to Baht 321.61 million to the TAMC, in accordance with the prices stipulated by the Board of TAMC. The Company received promissory notes and did not incur any loss as a result of the transfer of these loans at that date.

During the year 2006, the Company received a letter from TAMC informing it that TAMC would terminate the transfer of Baht 153 million of three non-performing loans secured by leasehold rights which are not qualified for transfer, with TAMC to adjust the value of its promissory note by the same amount. The Company's management has written to TAMC confirming its rights over such collateral as at the transfer date and confirming that the original transfer value is correct. As previously reported in the first quarter of 2008, the Company restructured the debts with a customer who is one of three non-performing loans that TAMC terminate transfer of Baht 23.22 million. In the second quarter of 2011, the Company has resolution to recover the remaining non-performing loans terminated by TAMC as mentioned above in the amount of Baht 129.78 million, resulted to the remaining balance of non-performing loans received the transfer by TAMC is nil.

The Company and TAMC will together share future profits and losses arising from TAMC's management of the non-performing assets. If losses are incurred on the transferred non-performing assets under TAMC's management, the Company's maximum liabilities for such loss is limited to the equivalent of not more than 30% of the price at which the non-

performing assets were transferred to TAMC. As at November 30, 2011, TAMC notified the Company that the estimated profits & losses derived from the management of non-performing assets ending June 30, 2011 (End of 10th year) had been concluded with a loss amount for the Company was estimated to be Baht 13.28 million. The Company had made an additional estimation for a possible loss of Baht 3.72 million, making a total loss of Baht 17 million (recorded as other estimated provisions). TAMC informed that the actual profit & loss was under inspection and calculation by the Board of Liquidation and will keep the Company informed upon completion.

7. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with related parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those companies. Below is a summary of those transactions (in addition to those already disclosed in other notes to the financial statements).

(Unit: million Baht)

	2012	2011	Pricing policy
Transactions with related companies			
Interest expenses	69.5	44.4	At normal interest rate applicable to ordinary customers
Purchase of vehicle	1.7	-	Market price and contract value

The outstanding balance of the transactions between the Company and those related companies are as follows:

(Unit: Million Baht)

	Relationship	2012	2011
Borrowings and deposits from related Companies			
Pridapramote Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	375.0	538.0
Boon Anek Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	39.2	23.0
Eternal Energy Plc.	A close relative of a director is a director in this company and a common director	855.0	575.0



		(Unit: Million Baht)	
	Relationship	2012	2011
Borrowings and deposits from related Companies			
Anek Boon Co., Ltd.	Common director	4.3	4.2
Tear One Network Co., Ltd	Common director	4.2	4.1
Jirola (Thailand) Co., Ltd	A close relative of a director is a director and a shareholder in this company and a common director (2011: Common director)	2.2	2.2
Biz & Fun Co., Ltd.	Common director	2.3	2.3
Excel - Link Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	25.1	19.3
I Tower Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	105.0	146.4
RakThai Technology and Business Administration Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	115.0	80.0
Hi - Tech Network Co., Ltd.	A close relative of a director is a director and a shareholder in this company and a common director (2011: Common director)	107.0	25.0
People's Garment Plc.	A close relative of a director is a director in this company	30.0	20.0
Eternal Energy and Electricity Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	15.0	4.5
PPTC Co., Ltd.	A close relative of a director is a director in this company and a common director (2011: Common director)	50.0	-
Power Agricultural Industry Co., Ltd.	A close relative of a director is a director and a shareholder in this company	1.6	-
L.M. Tech Co., Ltd.	A close relative of a director is a director and a shareholder in this company	0.6	-

		(Unit: Million Baht)	
	Relationship	2012	2011
Borrowings and deposits from related Companies			
AAA Holding Co., Ltd.	A close relative of a director is a director and a shareholder in this company	2.6	-
Rakvaree Co., Ltd.	A close relative of a director is a director and a shareholder in this company	8.5	-
Charoenporn Energy	A close relative of a director is a director in this company and a common director	0.3	-
Thatsiri Co., Ltd.	A close relative of a director is a director and a shareholder in this company	0.5	-

During the year, movements of loans to, borrowings and deposits from related parties were as follows:

(Unit: Million Baht)				
	Balance as at January 1, 2012	Increase during the year	Decrease during the year	Balance as at December 31, 2012
Borrowings and deposits from related companies				
Pridapramote Co., Ltd.	538.0	170.0	333.0	375.0
Boon Anek Co., Ltd.	23.0	16.2	-	39.2
Eternal Energy Plc.	575.0	409.0	129.0	855.0
Anek Boon Co., Ltd	4.2	0.1	-	4.3
Tear One Network Co., Ltd	4.1	0.1	-	4.2
Jirola (Thailand) Co., Ltd.	2.2	-	-	2.2
Biz & Fun Co., Ltd	2.3	-	-	2.3
Excel – Link Co., Ltd.	19.3	5.8	-	25.1
I Tower Co., Ltd.	146.4	55.0	96.4	105.0
RakThai Technology and Business Administration Co.,Ltd.	80.0	35.0	-	115.0
Hi - Tech Network Co., Ltd.	25.0	140.0	58.0	107.0
People's Garment Plc.	20.0	30.0	20.0	30.0
Eternal Energy and Electricity Co., Ltd.	4.5	10.5	-	15.0
PPTC Co.,Ltd.	-	50.0	-	50.0
Power Agricultural Industry Co., Ltd	-	1.8	0.2	1.6
L.M. Tech Co.,Ltd.	-	0.6	-	0.6
AAA Holding Co.,Ltd.	-	2.6	-	2.6
Rakvaree Co.,Ltd.	-	8.5	-	8.5



	(Unit: Million Baht)			
	Balance as at January 1, 2012	Increase during the year	Decrease during the year	Balance as at December 31, 2012
Borrowings and deposits from related companies				
SSUT Co.,Ltd.	-	100.0	100.0	-
Charoenporn Energy Co., Ltd.	-	4.8	4.5	0.3
Telserv Co.,Ltd.	-	5.0	5.0	-
Thatsiri Co., Ltd.	-	3.0	2.5	0.5

The transactions between the Company and its executive officers from departmental manager level upward and/or connected persons with those persons are as follows:

(Unit: Million Baht)			
	2012	2011	Pricing policy
Officers from departmental managers level upward			
Borrowings and deposits	3.4	3.3	At normal rate applicable to ordinary customer declared by the Company
Loans	2.5	2.2	Deposit rate of 12-month deposit receipt of the Company as at 1 January of the year with no interest charged for car loans
Related and/or connected persons with the officers from departmental managers level upward			
Borrowings and deposits	44.9	116.3	At normal rate applicable to ordinary customer declared by the Company

	(Unit: Million Baht)		
	2012	2011	Pricing policy
Interest expenses on borrowings and deposits			
Officers from departmental managers level upward	0.1	0.6	At normal rate applicable to ordinary customer declared by the Company
Related and/or connected persons with the officers from departmental managers level upward	1.9	1.0	At normal rate applicable to ordinary customer declared by the Company
Interest income on loans	0.1	0.1	Deposit rate of 12-month deposit receipt of the Company as at 1 January of the year with no interest charged for car loans

During the year, movements of loans to, borrowings and deposits from executive officers from departmental managers level upward and/or their connected persons were as follows:

	(Unit: Million Baht)			
	Balance as at January 1, 2012	Increase during the year	Decrease during the year	Balance as at December 31, 2012
Officers from departmental managers level upward				
Borrowings and deposits	3.3	3.1	3.0	3.4
Loans	2.2	0.9	0.6	2.5
Related and/or connected persons with the officers				
From departmental managers level upward				
Borrowings and deposits	116.3	35.9	107.3	44.9



8. INTERBANK AND MONEY MARKET ITEMS-NET (ASSETS)

	(Unit: Baht)	
	2012	2011
Domestic		
Bank of Thailand	105,671,882	36,979,772
Commercial bank	26,150,396	218,314,169
Specialized financial institutions	350,000,000	600,000,000
Total	481,822,278	855,293,941
Add : Accrued interest receivables	185,822	272,644
Total domestic	482,008,100	855,566,585

9. INVESTMENTS-NET

	(Unit: Baht)	
	Fair value	
	2012	2011
9.1 Available-for-sale securities		
Government and state enterprise securities	982,221,402	1,030,361,192
Private sector debt securities	2,303,385,135	1,970,868,038
Domestic marketable equity securities and unit trusts	475,742,255	369,024,815
Others	1	2
Total	3,761,348,793	3,370,254,047

	(Unit: Baht)	
	Cost/Amortized cost	
	2012	2011
9.2 Held-to-maturity debt securities		
Private sector debt securities	1,274,559	1,274,559
Less: Allowance for impairment loss	(1,274,559)	-
Total	-	1,274,559

(Unit: Baht)

	Cost	
	2012	2011
9.3 Other investments		
Domestic non-marketable equity securities	70,533,055	70,533,056
Total	70,533,055	70,533,056
Less: Allowance for impairment loss	(47,153,727)	(46,303,891)
Total	23,379,328	24,229,165
Total investments-net	3,784,728,121	3,395,757,771

9.4 The movement of investments

As at December 31, 2012, the movement of investments as presented below:

	(Unit: Baht)	
	2012	2011
Balance-beginning of the year	3,395,757,771	1,716,894,980
Add : Additions	2,250,148,005	3,199,150,569
Less : Disposal and redemption	(1,964,252,221)	(1,538,821,502)
Total	3,681,653,555	3,377,224,047
Add(Less) : Increase(Decrease) in changes in securities value		
During the year (note 20)	103,074,566	18,533,724
Balance-end of the year	3,784,728,121	3,395,757,771



10. LOANS TO CUSTOMER AND ACCRUED INTEREST RECEIVABLES-NET

10.1 Classified by loan type

	(Unit: Baht)	
	2012	2011
<u>Loans to customer and receivables:</u>		
Loans to customer	2,213,911,219	2,297,192,938
Hire purchase receivables	30,928,478	44,908,500
Total loans to customer	2,244,839,697	2,342,101,438
Less: Deferred incomes	(7,735,879)	(11,161,013)
Total loans to customer net of deferred incomes	2,237,103,818	2,330,940,425
<u>Add: Accrued interest receivables</u>	11,156,625	11,401,325
Total loans to customer net of deferred incomes and plus accrued interest receivables	2,248,260,443	2,342,341,750
<u>Less: Allowance for doubtful accounts</u>		
1. The minimum requirement of BOT		
- Individual Approach	(179,014,643)	(343,733,459)
2. Excess provision	(415,397,439)	(321,060,788)
<u>Less: Allowance for revaluation of debt restructuring</u>	(11,222,983)	(14,501,462)
Total loans to customer and accrued interest receivables-net	1,642,625,378	1,661,046,041

10.2 Classified by the remaining period of contracts

As at December 31, 2012, loans to customer (principal only) are classified by the remaining period of contracts as follows:

	(Unit: Baht)	
	2012	2011
At call	723,236,054	953,551,827
Not over 1 year	147,615,350	125,455,854
Over 1 year	1,373,988,293	1,263,093,757
Total loans to customer	2,244,839,697	2,342,101,438

10.3 Classified by type of business and classification

(Unit: Baht)

		2012				
		Normal	Special Mention	Sub- standard	Doubtful of loss	Total
Manufacturing and commerce		91,043,547	88,589,739	10,315,856	40,887,919	285,107,670
Real estate and construction		10,652,723	45,000,000	-	44,377,342	190,030,065
Public utilities and services		175,860,033	74,400,000	-	13,713,123	263,973,156
Others		1,280,431,048	31,332,239	75,181,733	-	1,497,992,927
Total loans to customer net of deferred incomes		1,557,987,351	239,321,978	85,497,589	85,265,261	2,237,103,818

(Unit: Baht)

		2011				
		Normal	Special Mention	Sub- standard	Doubtful of loss	Total
Manufacturing and commerce		177,500,289	67,900,000	100,315,856	7,569,748	407,556,502
Real estate and construction		13,731,816	116,597,257	-	46,977,342	274,243,346
Public utilities and services		123,552,893	41,000,000	-	126,057,969	290,610,862
Others		1,128,392,594	107,180,415	1,992,725	3,471,157	1,358,529,715
Total loans to customer net of deferred incomes		1,443,177,592	332,677,672	102,308,581	58,018,247	2,330,940,425

10.4 Classified by loan classification in accordance with the Notification of Bank of Thailand

(Unit: Thousand Baht)

		2012			
		Loans and accrued interest receivables	Net balance used in made allowance for doubtful accounts ⁽¹⁾	Percent used for calculating the allowance (Percent)	Allowance for doubtful accounts The minimum requirement of BOT Amount already set up by the Company
Normal		1,564,003	1,557,987	1	15,580
Special mention		244,462	239,322	2	4,787
Sub-standard		85,498	20,178	100	20,178
Doubtful		85,265	24,933	100	24,933
Doubtful of loss		269,032	113,537	100	113,537
Provision exceeded uncollectibility receivables		-	-	-	101,696
Total ⁽²⁾		2,248,260	1,955,957		179,015

(1) Net balance used in setting allowance for doubtful accounts for loans classified as normal and special mention is principal balance net of deferred incomes, excluding accrued interest receivables, and after deducting collateral values. For Substandard, doubtful and doubtful of loss, it is the principal balance net of deferred incomes plus accrued interest receivables, after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals, as the case may be.

(2) Loans receivable balance net of deferred incomes plus accrued interest receivable.



(Unit: Thousand Baht)

	2011				
	Loans and accrued interest receivables	Net balance used in made allowance for doubtful accounts ⁽¹⁾	Percent used for calculating the allowance (Percent)	Allowance for doubtful accounts	
				The minimum requirement of BOT	Amount already set up by the Company
Normal	1,447,465	1,443,178	1	14,432	146,853
Special mention	338,110	332,678	2	6,653	147,603
Sub-standard	102,309	82,199	100	82,199	82,199
Doubtful	58,018	3,471	100	3,471	3,471
Doubtful of loss	396,440	238,978	100	238,978	242,478
Provision exceeded uncollectibility receivables	-	-		-	44,190
Total ⁽²⁾	2,342,342	2,100,504		345,733	666,794

(1) Net balance used in setting allowance for doubtful accounts for loans classified as normal and special mention is principal balance net of deferred incomes, excluding accrued interest receivables, and after deducting collateral values. For Substandard, doubtful and doubtful of loss, it is the principal balance net of deferred incomes plus accrued interest receivables, after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals, as the case may be.

(2) Loans receivable balance net of deferred incomes plus accrued interest receivable.

As at December 31, 2012, the Company has already set aside provision for all types of non-performing loans in accordance with the provision guidelines of the BOT.

10.5 Non-performing and non-accrued loans to customer and receivables

10.5.1 Non-performing loans to customer and receivables

As at December 31, 2012, non-performing loans to customer and receivables are as follows:

(Unit: Thousand Baht)

	2012	2011
Loans to customer	439,795	555,085

Non-performing loans to customer and receivables are presented in accordance with the report on overdue loans to customer and receivables prepared by the Company for a submission to the Bank of Thailand.

As at December 31, 2012, non-performing loans to customer and receivables in the financial statements represented 17.00% of total loans to customer (December 31, 2011: 17.73%).

10.5.2 Loans to customer and receivables for which the recognition of interest income has ceased

As at December 31, 2012, the total loans to customer and receivables which the Company discontinued recognizing interest income was Baht 372.3 million (December 31, 2011: Baht 474.0 million).

10.6 As at December 31, 2012, the Company has loans to customer, receivables and accrued interest receivables from companies which have problems in their financial position and operating results, for which the Company has set aside allowance for doubtful accounts as presented below:

(Unit: Million Baht)						
				Allowance for		
Number of loans		Amount		doubtful accounts		
2012	2011	2012	2011	2012	2011	
Listed companies under						
rehabilitation	4	5	194.52	229.59	131.60	166.67

10.7 HIRE PURCHASE RECEIVABLES

(Unit: Baht)				
2012				
Amount due under lease agreement				
	Not over 1 year	1 - 5 years	Over 5 years	Total
Gross receivables in the lease	30,928,478	-	-	30,928,478
<u>Less: Deferred incomes</u>	<u>(7,735,879)</u>	<u>-</u>	<u>-</u>	<u>(7,735,879)</u>
Present value of minimum lease				
payments receivable	23,192,599	-	-	23,192,599
Allowance for doubtful accounts	<u>(23,192,599)</u>	<u>-</u>	<u>-</u>	<u>(23,192,599)</u>
Hire purchase receivables – net				<u>-</u>



(Unit: Baht)

	2011			
	Amount due under lease agreement			
	Not over 1 year	1 - 5 years	Over 5 years	Total
Gross receivables in the lease	43,566,250	1,342,250	-	44,908,500
<u>Less: Deferred incomes</u>	<u>(10,987,710)</u>	<u>(173,303)</u>	<u>-</u>	<u>(11,161,013)</u>
Present value of minimum lease payments receivable	32,578,540	1,168,947	-	33,747,487
Allowance for doubtful accounts	(32,578,540)	(1,168,947)	-	(33,747,487)
Hire purchase receivables – net				-

As at December 31, 2012, the Company has 33 receivables under hire purchase agreements for the period of 5 years. As at December 31, 2012, the Company has defaulted 30 under hire purchase agreements total amount of Baht 22.7 million (principal of Baht 30.4 million, deferred incomes of Baht 7.7 million). The Company provided allowance for doubtful accounts in whole amount.

11. CLASSIFICATIONS OF ASSETS

Classification of assets under the Bank of Thailand's guidelines

As at December 31, 2012, the Company classified its assets and made allowances against those assets in accordance with the Bank of Thailand's guidelines as presented below.

(Unit: Million Baht)

	Balance		Rate	Allowance for doubtful accounts			
				Amount to be provided under		Amount already set up	
	2012	2011		BOT's guideline		2012	2011
<u>Loans and receivables</u> ⁽¹⁾							
Normal (included loans to financial institutions, loans to employees and other assets)	1,558.0	1,443.2	1%	15.6	14.4	163.8	146.8
Special mention	239.3	332.7	2%	4.8	6.7	166.8	147.6
Sub-standard	85.5	102.3	100%	20.2	82.2	20.2	82.2
Doubtful	85.3	58.0	100%	24.9	3.4	24.9	3.4
Doubtful of loss	271.0	396.4	100%	113.5	239.0	117.0	242.6
Provision exceeded the minimum requirement of BOT	-	-		-	-	101.7	44.2
Total	<u>2,239.1</u>	<u>2,332.6</u>		<u>179.0</u>	<u>345.7</u>	<u>594.4</u>	<u>666.8</u>

⁽¹⁾ Debt balance/book value of normal and special mention loans using in calculating provision is excluding accrued interest receivables.

As at December 31, 2012, the Company has already set aside provision for all type of non-performing loans in accordance with the provision guidelines of the BOT (as stated in Note 10.4)

12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Baht)

	2012				
	Normal	Special Mention	Sub- standard	Doubtful	Doubtful of loss
Balance-beginning of the year	146,853,000	147,602,866	82,198,836	3,471,157	286,668,388
Others	16,960,292	19,152,184	(62,020,800)	21,461,843	(67,935,684)
Balance - end of the year	163,813,292	166,755,050	20,178,036	24,933,000	218,732,704

(Unit : Baht)

	2011				
	Normal	Special Mention	Sub- standard	Doubtful	Doubtful of loss
Balance - beginning of the year	18,659,001	31,484,342	71,882,980	8,806,094	347,047,054
Doubtful accounts	119,048,827	134,683,569	-	-	-
Others	9,145,172	(18,565,045)	10,315,856	(5,334,937)	(60,378,666)
Balance - end of the year	146,853,000	147,602,866	82,198,836	3,471,157	286,668,388

13. ALLOWANCE FOR REVALUATION OF DEBT RESTRUCTURING

As at December 31, 2012, the Company has allowance for revaluation of debt restructuring as follows:

(Unit: Baht)

	2012	2011
Balance - beginning of the year	14,501,462	-
Increase (decrease) during the year	(3,278,479)	14,501,462
Balance - end of the year	11,222,983	14,501,462



14. DEBT RESTRUCTURING

During the year ended December 31, 2012, the Company has entered into debt restructuring agreement with 1 debtor in the amount of Baht 70 million.

For the year ended December 31, 2012, the Company recognized interest income amount of Baht 6.5 million from the restructured receivables (2011: Baht 7.8 million) and received payment of principal and interest from those restructured receivables amount of Baht 47.1 million (2011: Baht 30.3 million).

The outstanding balance of loans to customer as at December 31, 2012, can be summarised as follows:

	2012		2011	
	Number of Debtors	Million Baht	Number of Debtors	Million Baht
Restructured loans currently classified as normal	4	166.32	3	79.98
Restructured loans currently classified as special mention	1	20.50	1	33.90
Restructured loans currently classified as sub-standard	2	10.50	2	12.31
Restructured loans currently classified as doubtful	1	6.89	1	7.57
Restructured loans currently classified as doubtful of loss	3	84.07	3	126.41
Normal loans to customer	13,222	1,956.56	12,263	2,081.93
Total loans to customer	13,233	2,244.84	12,273	2,342.10

The Company is unable to estimate the amount of future losses on outstanding loan currently being restructured.

15. PROPERTIES FORECLOSED

The value of properties foreclosed in the form of land, land with construction, leasehold right acquired from redemption debt securities which defaulted payment of interest and repayment of loans receivable and movable assets from default in payment under the hire purchase agreement are stated at their fair value less estimated selling expenses but not exceed the amount of principal and accrued interest receivable which can be claimed according to the legal governing.

As at December 31, 2012, the details of properties foreclosed consist of:

(Unit : Baht)

Type of properties foreclosed	2012				2011			
	Beginning of year	Increase	Decrease	End of year	Beginning of year	Increase	Decrease	End of year
Real estate								
- Appraised by independent appraiser	66,484,500	-	-	66,484,500	66,484,500	-	-	66,484,500
Movable assets	-	1,650,000	(1,250,000)	400,000	-	250,000	(250,000)	-
Less: Allowance for impairment	(20,942,709)	(26,239,625)	1,250,000	(45,932,334)	(20,942,709)	(250,000)	250,000	(20,942,709)
Total properties foreclosed-net	45,541,791	(24,589,625)	-	20,952,166	45,541,791	-	-	45,541,791

16. LAND, PREMISES AND EQUIPMENT

(Unit : Baht)

	Land	Building	Computer and equipment	Furniture	Fixtures	Motor vehicles	Total
Cost							
January 1, 2011	1,548,000	2,231,040	7,621,606	6,005,354	11,491,499	7,867,046	36,764,545
Additions	-	-	158,152	-	-	1,457,000	1,615,152
Disposal	-	-	-	-	-	(3,138,546)	(3,138,546)
Transfer in (out)	-	-	(1,494,241)	(22,376)	-	-	(1,516,617)
December 31, 2011	1,548,000	2,231,040	6,285,517	5,982,978	11,491,499	6,185,500	33,724,534
Additions	-	-	137,652	-	-	1,712,000	1,849,652
Disposal	-	-	-	-	-	(3,657,500)	(3,657,500)
December 31, 2012	1,548,000	2,231,040	6,423,169	5,982,978	11,491,499	4,240,000	31,916,686
Accumulated depreciation							
January 1, 2011	-	(1,679,685)	(7,411,982)	(6,003,444)	(11,484,890)	(7,867,042)	(34,447,043)
Depreciation for the year	-	(111,551)	(203,480)	(999)	(3,395)	(75,046)	(394,471)
Depreciation - disposal	-	-	-	-	-	3,138,544	3,138,544
Transfer (in) out	-	-	1,494,182	22,368	-	-	1,516,550
December 31, 2011	-	(1,791,236)	(6,121,280)	(5,982,075)	(11,488,285)	(4,803,544)	(30,186,420)
Depreciation for the year	-	(111,857)	(164,166)	-	(2,869)	(261,480)	(540,372)
Disposal	-	-	-	-	-	3,657,499	3,657,499
December 31, 2012	-	(1,903,093)	(6,285,446)	(5,982,075)	(11,491,154)	(1,407,525)	(27,069,293)
Net book value							
December 31, 2011	1,548,000	439,804	164,237	903	3,214	1,381,956	3,538,114
December 31, 2012	1,548,000	327,947	137,723	903	345	2,832,475	4,847,393
Depreciation for the year ended							
December 31, 2011							394,471
December 31, 2012							540,372



As at December 31, 2012, the Company has certain equipment items which have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation of those assets amounted to approximately Baht 24.5 million (December 31, 2011: Baht 27.9 million).

17. INTANGIBLE ASSETS-NET

(Unit: Baht)

		2012			
	Balance remaining life	Balance beginning of the year	Increase	Write off	Balance ending of the year
Software - net	1-5 years	43,906	-	(30,094)	13,812
Total		43,906	-	(30,094)	13,812

(Unit: Baht)

		2011			
	Balance remaining life	Balance beginning of the year	Increase	Write off	Balance ending of the year
Software - net	1-5 years	76,427	-	(32,521)	43,906
Total		76,427	-	(32,521)	43,906

As at December 31, 2012, the company has certain software items which have been fully amortised but are still in use. The original cost of those assets before deducting accumulated amortisation amounted to approximately Baht 1.9 million (December 31, 2011: Baht 1.8 million).

18. OTHER ASSETS-NET

	(Unit: Baht)	
	2012	2011
Accrued interest income from investments	23,735,697	20,067,611
Deposits	2,541,796	2,526,196
Prepaid expenses	378,918	557,845
Others	2,573,648	1,884,018
Total other assets-net	29,230,059	25,035,670

19. DEPOSITS AND DEBT SECURITIES ISSUED AND BORROWINGS
19.1 DEPOSITS
Classified by type of deposits

	(Unit: Baht)	
	2012	2011
At call	45,361,977	3,606,156
At maturity	3,633,078,897	1,824,906,354
Total	3,678,440,874	1,828,512,510

19.2 DEBT SECURITIES ISSUED AND BORROWINGS
Classified by type of debt securities issued and borrowings

	(Unit: Baht)	
	2012	2011
At call	-	91,726,189
At maturity	202,941,227	2,026,804,199
Total	202,941,227	2,118,530,388



20. OTHER COMPONENTS OF EQUITY

As at December 31, 2012, the Company has premium (discount) on share from change in proportion of investment as follows:

	(Unit: Baht)	
	2012	2011
Balance - beginning of the year	108,570,984	90,037,260
Increase(decrease)in the value of securities		
During the year	103,074,566	18,533,724
Balance - end of the year	211,645,550	108,570,984

21. STATUTORY RESERVE

Under section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside as a statutory reserve at least 5% of its annual net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered share capital. The statutory reserve is not available for distribution as dividend payment.

22. DIVIDENDS

During the year 2012, the Annual General Meeting of the Company's shareholders passed a resolution for dividend declaration as follows:

		(Unit: Baht)	
Dividends	Approved by	Total dividends	Dividend per share
Final dividends from the operation of the year 2011	The Annual General Meeting of the shareholders on April 23, 2012	80,000,000	0.40
Total dividends for 2012		80,000,000	0.40

23. CAPITAL FUND

As at December 31, 2012, the Company maintained the capital funds in accordance with Section 30 of the Financial Institution Business Act as follows:

		(Unit: Baht)	
		2012	2011
<u>Tier 1</u>			
Issued and fully paid share capital		1,000,000,000	1,000,000,000
Statutory reserve		100,000,000	95,000,000
Retained earnings - unappropriated		561,136,790	316,398,383
Total tier 1		1,661,136,790	1,411,398,383
<u>Tier 2</u>			
Reserve for assets classified as “Normal”		15,579,873	14,431,776
Revaluation surplus on investments		78,944,897	29,328,250
Total tier 2		94,524,770	43,760,026
Total capital fund		1,755,661,560	1,455,158,409
Tier 1 capital ratio	%	42.32	36.77
Total capital ratio	%	44.73	37.91
Minimum tier 1 capital ratio requirement	%	4.00	4.00
Minimum total capital ratio requirement	%	8.00	8.00



24. NET GAIN (LOSS) ON INVESTMENTS

(Unit: Baht)

	For the year ended December 31,	
	2012	2011
1. Gain (loss) on disposal		
Available - for – sale	20,761,443	629,795,410
Total	20,761,443	629,795,410
2. Reversal (loss) on impairment		
Other investment	(2,124,395)	(348,505)
Total	(2,124,395)	(348,505)
Grand total	18,637,048	629,446,905

25. DIRECTOR AND MANAGEMENT'S REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors and management.

Besides, during the year ended December 31, 2012, the Company records salaries, remunerations and other benefits to its directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under such definition includes a chief executive officer, the next four executive levels immediately below the chief executive officer and all persons in positions comparable to these fourth executive levels. Management benefit expenses in the financial statements follows:

(Unit: Million Baht)

	For the year ended December 31,	
	2012	2011
Key management's remuneration		
- Short-term employee benefits	10.70	11.51
- Post-employment benefits	0.28	0.30

26. OTHER EXPENSES

	(Unit: Baht)	
	For the year ended December 31,	
	2012	2011
Loss of management of non-performing assets	-	17,000,000
Donation	2,428,000	11,800,000
Others	12,964,927	16,077,462
Total	15,392,927	44,877,462

27. IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES

	(Unit: Baht)	
	For the year ended December 31,	
	2012	2011
Impairment loss of loans and debt securities	-	438,869,496
Allowance for possible loss (reversal)	-	(89,516,100)
Doubtful accounts (reversal)	-	(95,621,000)
Total	-	253,732,396

28. PROVIDENT FUND

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E. 2530. The fund is contributed by the Company, and its employees at the rate of 6% of the employees' basic salary. The fund is managed by a local asset management company and will be paid to the employees upon termination in accordance with the rules of the fund.

During the year ended December 31, 2012, Baht 1.62 million has been contributed to the fund by the Company (2011: Baht 1.57 million).



29. CORPORATE INCOME TAX

According to the cabinet passed the resolution regarding taxation criterion for increase the competition ability in domestic on October 11, 2011 approved to reduce the rate of corporate income tax from 30% to 23% of net profit for the accounting periods beginning on or after January 1, 2012 and at 20% of net profit for the next 2 periods from the accounting periods beginning on or after January 1, 2013.

30. COMMITMENTS AND CONTINGENT LIABILITIES

30.1 Operating lease commitments

As at December 31, 2012, the Company is liable for payment rental and service fees under lease agreements and service agreements as follows:

	(Unit: Million Baht)	
	2012	2011
Payment within :		
Year 2013	9.4	9.0
Year 2014	7.1	15.0

30.2 Long-term service commitments

30.2.1 The Company is obliged to make contributions to the Institute of Deposit Protection within one month after the period ended 30 June and 31 December of every year, at rate of 0.01 percent per annum of the Company's daily average deposit balance for Deposit Protection.

30.2.2 The Company is obliged to make contributions to Accumulated accounts for settlement principal to compensate the damages of Financial Institution Development Fund within one month after the period ended June 30 and December 31 of every year, at the rate of 0.46 percent per annum of the company's daily average deposits balance and borrowings balance which is effective on January 27, 2012.

30.3 Contingent liabilities

	(Unit: Million Baht)	
	2012	2011
Letter of guarantee in performance bond		
and bid bond to debtors	28.31	28.31
Total commitments	28.31	28.31

31. SEGMENT INFORMATION

The Company did not present financial information by segment since the Company's operation involve virtually in financial business, thus all revenues, profit and assets were presented in the financial statements in relation to that segment.

32. FINANCIAL INSTRUMENT

The Company is exposed to risk from fluctuations in interest rate, the risk of counterparties defaulting on their obligations and liquidity risk. The Company has no policy to use derivative instruments manage such risk or to speculate or trade in any derivative instruments.

32.1 Credit and guarantee risk

Credit risk is the risk that a counterparty will default on its obligation under financial instruments resulting in a financial loss to the Company. The Company discloses significant concentrations of credit risk in note 10 to the financial statements. The amount of maximum credit risk exposure is the carrying amount of the financial assets less allowance for losses as stated in the statements of financial position.

As at December 31, 2012, the Company is exposed to a risk from issuance of letter of guarantee to debtors of Baht 28.31 million, as stated in note 30.3, such transaction was not recognized in the financial statements.



32.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the operating results and cash flow of the Company.

As at December 31, 2012, the balance of financial assets and financial liabilities classified by interest rate characteristic are as follows:

(Unit: Million Baht)

	2012			
	Outstanding balance of financial instrument - net			
	Floating	Fixed	Non interest	Total
	interest rate	Interest rate		
<u>Financial assets</u>				
Interbank and money market items-net	105.0	350.2	26.8	482.0
Investments-net	923.5	2,237.3	623.9	3,784.7
Loans to customer	1,664.1	228.8	351.9	2,244.8
<u>Financial liabilities</u>				
Deposits	-	3,678.4	-	3,678.4
Debt securities issued and borrowings	-	202.9	-	202.9

(Unit: Million Baht)

	2011			
	Outstanding balance of financial instrument - net			
	Floating	Fixed	Non interest	Total
	interest rate	Interest rate		
<u>Financial assets</u>				
Interbank and money market items-net	-	800.3	55.3	855.6
Investments-net	562.8	1,966.4	866.6	3,395.8
Loans to customer	1,856.7	58.3	427.1	2,342.1
<u>Financial liabilities</u>				
Deposits	-	1,828.5	-	1,828.5
Debt securities issued and borrowings	-	2,118.5	-	2,118.5

As at December 31, 2012, financial assets and liabilities with fixed interest rate can be separated the remaining periods to earlier of reprising dates or maturity date, commencing as from the statement of financial position date as follows:

(Unit: Million Baht)

	2012							
	Reprising or maturity date					Non maturity	Total	Interest rates (percent)
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years			
<u>Financial assets</u>								
Interbank and money market								
items-net	-	350.2	-	-	-	-	350.2	2.71-3.22
Investments-net	-	-	829.1	1,408.2	-	-	2,237.3	2.53-6.75
Loans to customer	98.1	7.2	2.8	4.1	116.6	-	228.8	0.01-10.85
<u>Financial liabilities</u>								
Deposits	45.4	2,874.2	747.2	11.6	-	-	3,678.4	0.50-4.30
Debt securities issued and borrowings	66.1	120.1	16.7	-	-	-	202.9	3.15-4.15

(Unit: Million Baht)

	2011							
	Reprising or maturity date					Non		
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years	maturity	Total	Interest rates
								(percent)
Financial assets								
Interbank and money market								
items-net	-	800.3	-	-	-	-	800.3	1.50-3.47
Investments-net	-	30.1	237.7	1,624.2	74.4	-	1,966.4	2.53-6.75
Loans to customer	-	7.9	2.1	4.2	44.1	-	58.3	0.01-10.85
Financial liabilities								
Deposits	18.6	1,122.5	653.3	34.1	-	-	1,828.5	2.00-4.50
Debt securities issued and borrowings	92.7	1,448.4	577.4	-	-	-	2,118.5	2.25-4.50

32.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in a financial loss incurring.

The periods of time from the statement of financial position date to the maturity dates of financial instruments outstanding as at December 31, 2012 are as follows:



(Unit: Million Baht)

2012								
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years	Non maturity	Non performing Loans	Total
Financial assets								
Interbank and money market items - net	26.8	455.2	-	-	-	-	-	482.0
Investments - net	475.7	124.8	829.1	1,460.5	721.0	173.6	-	3,784.7
Loans to customer	395.3	95.1	52.5	1,159.5	214.5	-	327.9	2,244.8
Financial liabilities								
Deposits	45.4	2,874.2	747.2	11.6	-	-	-	3,678.4
Debt securities issued and borrowings	66.1	120.1	16.7	-	-	-	-	202.9

(Unit: Million Baht)

2011								
	At call	0-3 months	3-12 months	1 - 5 years	Over 5 years	Non maturity	Non performing Loans	Total
Financial assets								
Interbank and money market items - net	55.3	800.3	-	-	-	-	-	855.6
Investments - net	367.2	353.7	475.6	1,676.2	497.1	26.0	-	3,395.8
Loans to customer	526.4	80.3	45.2	1,141.1	122.0	-	427.1	2,342.1
Financial liabilities								
Deposits	18.6	1,122.5	653.3	34.1	-	-	-	1,828.5
Debt securities issued and borrowings	92.7	1,448.4	577.4	-	-	-	-	2,118.5

32.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at December 31, 2012, the Company does not have any material financial instruments in foreign currencies.

32.5 Fair value

Fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company has estimated the fair value of financial instruments as presented below.

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets, including cash, deposits at banks, and loans to customer and receivables are presented as the amount stated in the statement of financial position, which is considered to approximate their respective carrying value since the financial instruments carry interest at rates close to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investments in securities, have their fair values determined by the quoted market price.

b) Financial liabilities

The fair values of financial liabilities, including borrowings and deposits, are considered to approximate their respective carrying values for the same reasons as described above.

As at December 31, 2012, there are no material differences between the book value of financial instruments and their fair value.

32.6 RISK MANAGEMENT

	(Unit: Baht)			
	2012		2011	
	Cost/ Book value	Fair value / Market price	Cost/ Book value	Fair value / Market price
<u>Financial assets</u>				
Cash	20,000	20,000	20,000	20,000
Interbank and money market items - net	428,008,100	428,008,100	855,566,585	855,566,585
Investments - net	3,784,728,121	3,784,728,121	3,395,757,771	3,395,757,771
Loans to customer – net	1,642,625,378	1,642,625,378	1,661,046,041	1,661,046,041
Total	5,855,381,599	5,855,381,599	5,912,390,397	5,912,390,397
<u>Financial liabilities</u>				
Deposits	3,678,440,874	3,678,440,874	1,828,512,510	1,828,512,510
Debt securities issued and borrowings	202,941,227	202,941,227	2,118,530,388	2,118,530,388
Total	3,881,382,101	3,881,382,101	3,947,042,898	3,947,042,898



33. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors' meeting held on February 26, 2013 passed a resolution to propose to the Annual General Meeting of the shareholders for approval that a dividend payment to shareholders would be made from the operating result of the year 2012 at the rate of Baht 0.30 per share.

34. APPROVAL OF INTERIM FINANCIAL STATEMENTS

These financial statements were approved and authorised for issue by the Company's Board of directors on February 26, 2013.