

Our Ref. 62037

February 26, 2019

Subject : Clarification on the change of operating results over 20% of the Company's audited Statements of Comprehensive Income for the year ended December 31, 2018

To : Director and Manager
The Stock Exchange of Thailand

We are pleased to submit herewith, the Company's audited Statement of Financial Position and Statement of Comprehensive Income for the year ended December 31, 2018.

The operating results of the Company for the year ended December 31, 2018 showed a net profit of Baht 377.38 million, an increase of Baht 142.57 million or 60.72% comparing with net profit of Baht 234.81 million obtained in the year 2017. The details of which are listed below :

1. An increase of net interest income by Baht 1,264.52 million due to an increase of interest income by Baht 1,636.58 million and an increase of interest expense by Baht 372.06 million. The details are described as below;

An increase of interest income by Baht 1,636.58 million due to

- an increase of interest income from loans to customers by Baht 1,690.00 million due to the growth of loan portfolio from Baht 9,370.69 million in 2017 to Baht 18,168.13 million in 2018 or increase 93.88%.
- a decrease of interest income from interbank and money market items (Repo) by Baht 9.36 million due to the decrease in private repo transaction volume comparing to the year 2017.
- a decrease of interest income from investment in debt securities by Baht 44.06 million since the Company sold investments during the year 2017 while no investment has been purchased during the year 2018.

An increase of interest expense by Baht 372.06 million due to

- an increase of interest expenses from deposits by Baht 59.39 million due to the growth of deposit portfolio from Baht 6,067.78 million in 2017 to Baht 7,273.97 million in 2018 and the increase of deposit rate comparing to the year 2017.
 - an increase of contributions to Financial Institution Development Fund and Deposit Protection Agency by Baht 35.34 million which is in line with the proportion of deposits and borrowings.
 - an increase of interest expenses from debt securities issued and borrowings by Baht 277.33 million as a result of the increase in borrowings for business operation of the Company.
2. An increase of fee income relating to loan to customers by Baht 132.39 million according to the growth of loan portfolio as described in no.1

3. A decrease of net gain on investments by Baht 168.17 million since the Company sold investments during the year 2017 while no significant selling transaction incurred during the year 2018.
4. A decrease of other operating incomes by Bath 7.14 million due to
 - a decrease of dividend income by Baht 53.44 million which is in line with the proportion of investment portfolio.
 - an increase of gain on sale of properties foreclosed by Baht 54.78 million.
 - an increase of other income by Baht 5.80 million.
5. An increase of other operating expenses by Baht 989.05 million which was mainly caused by
 - an increase of loan management fee by baht 837.56 million due to the growth of loan portfolio and the collection service provided by service provider
 - an increase of tax and duties expenses by Baht 72.07 million which is in line with an increase of interest income from loans.
 - an increase of personnel expenses, consulting fee and other expenses by Baht 79.42 million according to growth in loan portfolio and business expansion.
6. An increase of doubtful accounts by Baht 40.10 million which is in line with growth in loan portfolio, loan classification and reserve requirements by the Bank of Thailand.
7. An increase of income tax expenses by Baht 49.88 million, mainly due to an increase of profit before income tax.

In summary, net profit of the company in the year 2018 was Baht 377.38 million or Baht 1.71 EPS comparing with Baht 1.06 EPS in the year 2017.

Since the total comprehensive income has duly included change in revaluation of available-for-sale investments and relating income tax, the total comprehensive income of the company for the year 2018 showed a profit balance of Baht 373.83 million compared to the year 2017 at Baht 80.62 million.

Yours sincerely

(Ms.Doungchai Kaewbootta)
Managing Director