

Our Ref. 62102

August 27, 2019

Subject : Clarification on the change of operating results over 20% of the Company's audited Statements of Comprehensive Income for the period ended June 30, 2019

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 period ended June 30, 2019.

The operating results of the Company for the second quarter of year 2019 showed a net profit of Baht 19.15 million, a decrease of Baht 71.56 million or 78.89% comparing with net profit of Baht 90.71 million obtained during the same period of year 2018. The details of which are listed below:

1. An increase of net interest income by Baht 199.93 million due to an increase of interest income by Baht 231.34 million and an increase of interest expense by Baht 31.41 million. The details are described as below;

An increase of interest income by Baht 231.34 million due to

- an increase of interest income from loans to customers by Baht 233.30 million due to the growth of loan portfolio from Baht 13,930.49 million as at June 30,2018 to Baht 19,405.83 million as at June 30,2019 or increase 39.30%.
- a decrease of interest income from interbank and money market items (Repo) by Baht 0.27 million due to the decrease in private repo transaction volume comparing to the year 2018.
- a decrease of interest income from investment in debt securities by Baht 1.69 million since the Company sold investments during the year 2018 while no investment has been purchased during the year 2019.

An increase of interest expense by Baht 31.41 million due to

- an increase of interest expenses from deposits by Baht 18.11 million due to the increase of deposit rate comparing to the year 2018.
- a decrease of contributions to Financial Institution Development Fund and Deposit Protection Agency by Baht 0.34 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 13.64 million, resulting from an increase in average loans for business operations from approximately Baht 4,800 million for the six-month period ended 30 June 2018 to Baht 7,500 million for the six-month period ended 30 June 2019 or increase 56.25%.

2. An increase of fee income relating to loan to customers by Baht 16.22 million according to the growth of loan portfolio as described in no.1
3. An increase of other operating incomes by Bath 11.51 million due to an increase of dividend income and other income.
4. An increase of other operating expenses by Baht 321.51 million which was mainly caused by
 - an increase of loan management fee by Baht 258.93 million due to the growth of loan portfolio as described in no.1
 - an increase of tax and duties expenses by Baht 12.50 million which is in line with an increase of interest income from loans.
 - an increase of personnel expenses, premises and equipment expenses and other expenses by Baht 50.08 million according to growth in loan portfolio and business expansion.
5. An increase of doubtful accounts by Baht 4.88 million due to the growth of the loan portfolio as described in no. 1, however, the collateral value has been used as a deductible value for provision calculation. The Company sets up allowance for doubtful accounts in accordance with loan classification and reserve requirements by the Bank of Thailand.
6. A decrease of income tax expenses by Baht 27.17 million, mainly due to a decrease of profit before income tax.

In summary, net profit of the company in the second quarter of year 2019 was Baht 19.15 million or Baht 0.03 EPS comparing with Baht 0.41 EPS in the same quarter of year 2018.

Since the total comprehensive income has duly included remeasurements of post-employment benefit obligations, change in revaluation of available-for-sale investments and income tax relating to components of other comprehensive income for the second quarter of year 2019, the total comprehensive income of the company showed a gain balance of Baht 19.59 million while the total comprehensive income of the same quarter of year 2018 showed a profit balance of Baht 88.38 million.

Yours sincerely

(Ms.Doungchai Kaewbootta)
Managing Director