



Annual Report 2016

ON THE RISE... CONFIDENT IN OUR STRENGTHS

ADVANCE FINANCE PUBLIC COMPANY LIMITED







www.advancefin.com

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Vision

“..To be the leading financial institution in the country that creates the best financial solutions for the clients..”

Mission

“..Endeavour to extend quality financial services, build clients’ satisfaction, consider the benefits to shareholders and employees and commit to social responsibility through good governance..”

Core Values

Core values reflect the organization’s philosophy and concepts as a driver of its sustainable growth target, and are regarded as a foundation of culture and the major component of the organization.

A D V A N C E

ATTITUDE

Activate positive thoughts and attitudes along with challenging viewpoints to build new working opportunities and experiences.

DEVELOPER

Being an active thinker and developer to create the best financial solutions for the clients.

VALUE

Increase the value of our employees and the organization with impressive services to the clients and sound benefits to the shareholders.

ASPIRATION

Create employee motivation and inspiration to strive towards effective tasks.

NETWORK

Enhance good relationships both internally and externally for the organization’s strength.

COLLABORATION

Liaison and collaborate with all related parties for a mutual success.

EVALUATION

Make regular self-evaluation to achieve personal and work developments.

Message from the Chairman



“ In 2016, the volatile global economy and financial markets, including the uncertainty of the country’s risk factors hindered the Thai economic recovery; nonetheless, Advance Finance Public Company Limited as a financial institution conducting business to pursue its mission “Endeavour to extend quality financial services, build client’s satisfaction, consider the benefits to shareholders and employees and commit to social responsibility through good governance” could cope with a lot of difficulties in 2016 and remain sustainable.

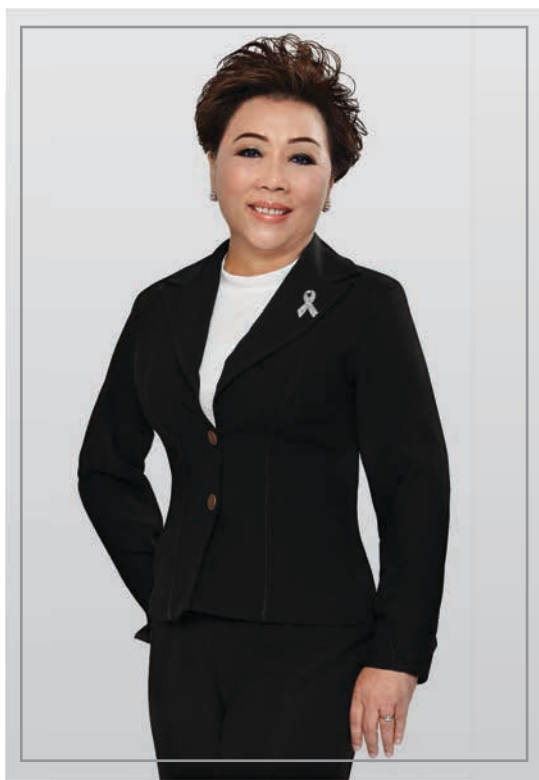
With full cooperation from the management and employees in a prior year, the Company showed outstanding performances consecutively amidst Thailand’s sluggish economy. The 2016 net profit could be generated at a similar level to a year earlier. To prepare for running a sustainable business, strengthening the organization, and increasing efficiency of working operation, the Company has elevated the organizational structure by setting new units to uphold our expanding business and agility. Furthermore, the development of information technology systems, which is the major factor for business operations, has been taken into consideration to pave the way for stepping into a financial institution in a digital 4.0 era in the following year to ensure that the Company will be able to carry on business and develop into a “Smart Financial Institution” of the country.

On behalf of the Board of Directors of Advance Finance Public Company Limited, may I extend my sincere appreciation to the shareholders, clients, and business alliances for your continued reliability and support. Essentially, the Company aims to develop products and provides financial services in response to your needs in achieving outstanding benefits and utmost satisfaction. ”



Mr. Cherdpong Siriwit
Chairman

Message from the Chief Executive Officer



“ In 2016, both domestic and global uncertainty of economic recovery affected economies in various countries, including Thailand, giving rise to a lower-than-expected GDP growth rate. Despite the Thai economy driven by the public sector’s infrastructure investment project and continued growth in the tourism industry, its GDP decreased slightly to 3.2 percent in the third quarter of 2016 compared to approximately 3.5 percent in the previous quarter. Yet, a negative value of exports was the major factor to impede the Thai growth.

Apart from the above circumstances, there was concern among financial institutions about a gradual increase in non-performing loans (NPLs). Hence, since 2016 continuing in 2017, the Company has prepared for enhancing finance companies supervision in the same treatment as commercial banks with three major areas using both quantitative and qualitative criteria: capital fund, liquidity and operational risk supervision according to BASEL III, which shall be effective from July 1, 2017, in parallel with upgrading the International

Financial Reporting Standard 9 (IFRS 9) that shall take effect on January 1, 2019. Besides, the Company has developed the organization structure, internal control and risk management to comply with those foreseeing regulations. Nevertheless, in line with the aforesaid regulations, loan loss reserves have fully been provided, causing credit cost higher than normal. Further boosted by the determination of both management and employees for this year, the Company achieved a satisfactory level of performances in 2016 with a net profit of THB 96.64 million, which was close to the figure of the previous year, equity of THB 1,265.77 million, and a solid BIS ratio at 17.57 percent.

Moving forward into 2017, the Company is concerned with external risks that may affect business operations such as economic and political instability. Amidst rapidly changing financial technology along with mounting business pressure related to competition, the Company places great emphasis on developing business for sustainable growth, and paves the way for entering financial institutions in a digital 4.0 era with the 4Ss strategy; Smart Financial Institution, Smart Teamwork, Smart Products, and Smart Services. All of these things are eventually geared toward strengthening the Company and facilitating listing of securities on the Stock Exchange of Thailand (SET).

On behalf of the management team, may I express my highest appreciation to all the shareholders, clients, and business alliances for continued trustworthiness and support, especially the management and employees for the dedication and further collaboration to overcome difficulties and promote sustainable growth for the Company. ”

Mrs. Daranee Huachai
Chief Executive Officer

Financial Highlights

	2016	2015	2014	Change % 2016/2015
Financial Position (THB Million)				
Loans and Accrued Interest Receivables	6,764.92	5,123.50	3,241.22	32.04
Loans (Less Allowance for Doubtful Accounts)	6,642.67	5,073.16	3,090.41	30.94
Deposits	7,775.20	5,401.89	3,367.43	43.93
Liabilities	8,128.80	5,668.88	3,625.28	43.39
Assets	9,394.57	6,878.28	4,422.76	36.58
Equity	1,265.77	1,209.40	797.48	4.66
Operating Performance (THB Million)				
Interest Income	515.85	336.87	251.96	53.13
Interest Expense	241.44	172.21	143.73	40.20
Net Interest Income	274.41	164.66	108.23	66.65
Fees and Service Income	62.75	70.14	16.34	-10.54
Operating Profit before Income Tax	120.24	118.64	41.55	1.35
Net Profit	96.64	95.06	33.40	1.66
Financial Ratio (percent)				
Loans to Deposits	86.96	94.77	96.19	
Non-Performing Loans to Total Loans	6.23	3.68	14.49	
Tier 1 Capital to Risk Weighted Assets	17.38	21.66	23.77	
Total Capital Fund to Risk Weighted Assets	17.57	21.58	23.92	
Return on Assets	1.03	1.38	0.76	

Report on Operating Performance

Overview of Operations and Financial Position

The Company operates a finance business under the Financial Business Act. B.E. 2551, with the “Full Finance License” granted by the Ministry of Finance and supervised by the Bank of Thailand (BoT). Its business is divided into three types, funding, lending, and financial advisory services.

The Company’s operating income consisted of net interest income, which came from loans, intercompany and money market items, investments in debt securities, and non-interest income, which included net fees and service income, net gain on investments, dividend income, gain on sales of foreclosed properties and other operating income.

For 2016, operating income amounted to THB 349.26 million, which mainly came from net interest income accounting for 78.57 percent of total operating income. Non-interest income was equivalent to 21.43 percent of total operating income.

Operating expenses for 2016 were THB 157.79 million or 45.18 percent of total operating income. Other operating expenses consisted of personnel, premises and equipment, and duty tax expenses etc.

The Company reported a net profit of THB 96.64 million in 2016. The increase in net profit every year indicated continued growth, especially a rise in net interest income due to higher loans. Net profit margin for 2014, 2015 and 2016 was 22.86, 34.64 and 27.67 percent, respectively.

At the end of 2016, the Company’s total assets were THB 9,394.57 million, mostly from loans to customers and net accrued interest receivables, intercompany and money market items and net investments totally accounting for 98.98 percent of total assets.

At the end of 2016, the Company’s total liabilities were THB 8,128.80 million, mostly from deposits and intercompany and money market items, which accounted for 98.97 percent of total liabilities.

At the end of 2016, the Company’s equity was THB 1,265.77 million. The continuous increase was due to higher retained earnings from better operating results in each year also including capital increase of THB 350 million during 2015 despite the fact that the 2014–2016 dividend was paid at THB 17.88, THB 21.00, and THB 57.00 million, respectively.

As for capital fund, at 2016 year-end, Tier 1 capital to risk weighted assets stood at 17.38 percent, higher than the minimum of 4.00 percent as specified by the Bank of Thailand (BoT), whereas total capital fund to risk weighted assets was 17.57 percent, higher than the minimum of 8.00 percent as specified by the BoT.

Risk Management

The Company is aware of the significance of risk management as the fundamental of sound financial business operations. The risk management aims to enable the Company to manage all risks to business as targeted and at an acceptable level in accordance with the Bank of Thailand's regulations and good corporate governance principles.

The Risk Management Committee is in charge of managing overall risks of the Company by setting and reviewing strategies and managing risks to ensure a balance between risk and return.

Principally, the Company's risk management strategies consist of

- (1) Risk Identification
- (2) Risk Measurement
- (3) Risk Monitoring
- (4) Risk Reporting and Control

In order to manage risks at an appropriate level and in line with good governance, other sub-committees, e.g. the Assets and Liabilities Management Committee, the Credit Committee, the Debt Restructuring Committee and the Operational Risk Working Group have been formed to be responsible for each specific risk to ensure the Company's risk management efficiency. The Internal Audit Department has independence to review the risk management system to make sure the confidence in the risk management efficiency.

The Company's risk management covers the following areas:

1. Strategic Risk Management

A strategic risk is risk from formulation of a strategic plan, business plan, and implementation that is inappropriate or inconsistent with internal factors and external environment that affect the Company's income, capital fund or existence of business.

The Company prepares its strategic plan, business plan and budgeting plan annually in cooperation with all related parties: departmental levels, top management and the Board of Directors. Such plans are regularly monitored and reviewed by the Planning and Budgeting Committee to enhance the Company's competitiveness, business operations and risk control taking into consideration internal and external factors, including economic uncertainties.

2. Credit Risk Management

A credit risk refers to risk that a borrower or counterparty may default on contractual obligations and a chance that a borrower's or counterparty's credit risk rating is downgraded that may affect the Company's income and capital fund.

The Company develops its credit risk management procedures continuously and provides clear follow-up and review of relevant policies and criteria such as conducting loan transactions, loan classification and loan provisions by specifying explicit approval authority and setting the Credit Committee to consider corporate loans, credit scoring for retail loans, regular loan reviews by an independent unit, credit concentration limits and stress testing.

3. Market Risk Management

A market risk means risk arising from the movements of interest rates, currency exchange rates and securities prices in the money and capital markets which would have a negative effect on the Company's income and capital fund.

The Company has no policy to invest in a trading book for taking advantage of higher prices or speculation and foreign currency related transactions; therefore, the Company manages the market risk that arises only in a banking book.

Additionally, the Company has managed the interest rate risk arising from interest rate changes in assets and liabilities that may affect net interest income for the next 12 months by using Interest Rate Gap Model including stress test to ensure that any possible effects are within the approved risk limits.

4. Liquidity Risk Management

A liquidity risk refers to risk that a financial institution fails to pay debts and encumbrance upon due as a result of inability to convert assets into cash or insufficient fund or providing adequate fund with unacceptable costs that may affect the Company's income and capital fund.

The Company closely manages its liquidity to meet the market condition and competition by maintaining its fund distributions and depositors' tenor to conform to loan granting, using Liquidity Gap Analysis Model to analyze and track cash inflows and outflows, providing liquidity stress testing and setting liquidity risk tolerance, etc.

The Company still focuses on holding high-quality liquid assets without obligations that can be converted into cash quickly to serve clients' withdrawal in both normal and crisis situations.

5. Operational Risk Management

An operational risk is risk that may cause damage to the Company as a result of the lack of good governance and appropriate control within an organization relating to internal operating procedures, personnel, or external incidents that in turn affect the Company's income and capital fund.

The significant operational risk factors consist of

Internal Risk Factors:

- Efficiency of the internal control system includes structures and environment that facilitate adequate and efficient internal control e.g. the organization structure, delegation of power, auditing, including standard operating procedures.
- Efficiency of human resources refers to quality, qualification and sufficiency of major positions.
- Efficiency of information technology and information security system to support working procedures.

External Risk Factors:

- Natural disaster, riots or turmoil.
- Frauds committed by external parties.
- Disruption of public utility or telecommunication and network services.

The Company realizes that the sound management of operational risk will increase the efficiency in service providing, control costs and reduce a chance of business losses. As such, the Risk Management Committee has set up the Operational Risk Working Group to responsible for operational risk management. As the operational risk may not be managed or controlled by any single committee or department; therefore, the working group emphasizes the participation from all level of staff, holds an annual meeting to review knowledge and understanding of operational risk management, and ensures that all departments can evaluate the annual operational risk effectively and efficiently. Furthermore, the previous year's operational risk assessment results will be advised in the meeting.

The significant measures for operational risk management include setting written authorities e.g. authority to acts on behalf of the Compnay, transaction approval authority and signature authority in important documents, preparing policies or practical guidelines for major transactions, exception reporting and contingency plan to ensure the Company's appropriate operational risk management. Hence, annual activities covering both internal and external risk factors are set by the working committee at reasonable costs appropriate to transaction volumes and service complexity as follows:

1. Control Self-Assessment (CSA) based on the COSO principal.
2. Operational Risk Assessment (ORA) categorized by types of causes of possible risks.
3. Operational Error/Loss/Exception Event Report/Memo
4. Departmental Contingency Plan (DCP)

Report on Corporate Governance

Corporate Governance Policy

The Company's business operations are based on compliance with laws, regulations, articles of association, shareholders meeting's resolution, responsibility, integrity and carefulness, morality as well as corporate social responsibility (CSR) for maximizing benefits to the Company and building confidence with clients, shareholders and stakeholders. In addition, the Company focuses on the principles of good corporate governance (CG) and promotes CG consistently by providing a written CG policy, business ethics and the management's and employees' code of conducts used for the Board of Directors, management and employees' practical guidelines.

Rights of Shareholders

In order to encourage the use of basic rights of shareholders i.e. the purchase and sale and transfer of shares, the right to receive the Company's profit sharing and sufficient information, the right to attend the shareholder meeting, the right to express opinions and take part in decision-making on key matters – dividend allocation, directors' appointment or withdrawal, an auditor's appointment, approval of important transactions that affect the Company's operational direction, amendments to the Memorandum of Association and the Articles of Association, capital decrease/increase, and approval of special transactions. To ensure that the Company shall not perform any actions violating or diminishing the rights of shareholders; therefore, the following practical guidelines for the rights of shareholders are provided:

All shareholders and institutional shareholders are encouraged to attend the shareholder meeting by preparing a notice of the shareholder meeting specifying a date, time, place, agenda and proposed matters clearly indicated for acknowledgement, approval or consideration as well as reasons or opinions of the Board of Directors in each agenda item contained in the notice of the shareholder meeting. The Company shall submit the notice of the shareholder meeting with relevant documents of each agenda to shareholders in advance within the time specified in the law, publicize the notice of the meeting in a local newspaper not less than three consecutive days prior to the meeting date, disseminate such the notice of the meeting on the Company's website for shareholders' review before the meeting date, and enable shareholders to submit their opinions, suggestions and make inquiries to the Company in accordance with the Company's announced criteria and methods.

The Company must facilitate shareholders' full rights to attend the meeting and vote and make sure no any actions to limit a chance to attend the meeting e.g. no difficulties or expenses, providing the right place for the meeting.

A shareholder can appoint a person as his proxy to attend a meeting and vote for him in case of absence. Together with the notice of the meeting, the Company shall send a proxy form with voting guidelines to shareholders to vote and select at least two independent directors as designated proxies for shareholders who cannot either attend the meeting or find their own proxy.

The Company must use technology in the meeting for shareholder's registration, counting votes and results to ensure that the meeting process is rapid, accurate and precise, simultaneously the meeting shall consider each agenda item in order, and encourage shareholders in expressing opinions, suggestions and making inquiries about related matters in a timely manner.

Equitable Treatment of Shareholders

The Company must treat all shareholders and protects their basic rights equally and fairly either major or minor shareholders or shareholders who are directors or executives. As well, the Company must provide measures to prevent the use of inside information for exploitation considered unfair to shareholders, and transactions which may lead to conflicts of interest of directors or executives.

Protection of the Rights of Minor Shareholders

In the Annual General Shareholders' meeting, shareholders are given an opportunity to propose any matter for the Board of Directors to add in the meeting agenda, and to nominate names of persons for taking a position of the Company's directors in accordance with the Company's criteria and methods announced on the website.

Prevention of Use of Inside Information

In order to prevent the use of inside information for abusive self-dealing, a strict supervision on the use of inside information is made, whereas written guidelines for maintenance of inside information and prevention of the use of inside information for exploitation are provided and used as a practice guideline for all employees.

Directors, top executives and management of the Finance and Accounting Group or equivalence, including all levels of management and employees who are given access to confidential and inside information that has influence on securities price changes are prohibited to trade the Company's securities in the "Embargo Period" until the Company discloses such information to the public. Moreover, the aforesaid persons must report their holding securities in the Company and spouse and underage children and a change in holding securities in accordance with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) regulations and methods. Such report must be contained in the Company's annual report, and reported to the Annual General Shareholders' meeting for acknowledgment of being directors and top executives in other businesses.

Directors and top executives must disclose information related to their interest and related persons for the Board of Directors' consideration of transactions that may lead to conflicts of interest and decision-making for the highest benefits of the Company. Directors or top executives who have interests must not take part in considering or making a decision on such transactions and must provide a policy related to connected transactions to ensure transparent decision-making with no conflicts of interest and the most benefit to the Company and shareholders.

The Company has no policy on loans or contingencies, and other transactions similar to loan or debt guarantee to directors or top executives, including related persons, except for granting welfare loan in accordance with the BoT's regulation.

Role of Stakeholders

Stakeholders must be treated according to their rights stated in laws and agreements. The Company must encourage collaborations between the Company and stakeholders to achieve the Company's stable and sustainable growth, with the following practice guidelines:

Employees

The Company shall provide employees' performance evaluation to meet a fair, transparent and acceptable standards. Employees shall be entitled to receive salary, remuneration, rights and other benefits not less than the criteria specified in labor laws, simultaneously development activities and training shall be provided continuously. The Company shall render safe and hygiene workplace and environment. Moreover, individuals must be treated equally and their dignity and personal rights shall be respected, whereas their personal records and the use of rights shall be kept confidential.

Besides, employees are given the right to establish and/or join as a member in various organizations in accordance with the labor protection law and the right to complain in case of unfair treatment or to notify unusual incidents that might cause damage to the Company. The Compliance Department shall be responsible for receiving complaints or cases, providing a fair complaint handling process, keeping complaints confidential and protecting such claimers.

Shareholders

Shareholders shall be encouraged to use their basic rights and other rights in the Annual General Shareholders' meeting, and they shall be given equal treatment. The Company shall disseminate required information to shareholders through the Company's website to ensure fast and easy access to such information.

The Company shall prepare and disclose accurate and reliable operating performances, financial position, accounting and various information to shareholders within a period specified by laws and provide a complaint or suggestion handling process of shareholders by assigning the Company Secretary to receive complaints or suggestions from shareholders. Shareholders can directly contact the Company Secretary at E-mail: contact@advancefin.com or Website: www.advancefin.com

Customers

The Company shall build long-term relationships and collaborations with clients using integrity, reliability, and trust, and increase client satisfaction with fast and quality services along with accountability, carefulness in clients' problems and needs.

In addition, the Company shall maintain client confidentiality same as the Company's secret and provide accurate, adequate and update information to clients. Nevertheless, there are no exaggerations that may lead to misunderstanding of clients in the Company's products or services.

The Company's funding, lending businesses, providing services or conducting transactions with clients shall be in compliance with the Financial Institution Business Act. B.E. 2551, related laws and the BoT's regulations and notifications. If any client has complaints, please contact the Compliance Department at Tel. 02 626 2359 or E-mail: contact@advancefin.com or Website: www.advancefin.com

Partners

The Company engages in partnerships with fair and equal support, good relationships, the highest benefit to the Company both in the short and long term, no conflicts of interest to achieve mutual benefits. In addition, the Company gives an opportunity to offer new products and/or services equally in accordance with the Company's guideline on procurements, negotiations and practices with honesty and fairness. Moreover, the Company provides a complaint handling process of partners in case of unfairness. If there is any complaint, partners can contact the Compliance Department at Tel. 02 626 2359 or E-mail: contact@advancefin.com or Website: www.advancefin.com

State Agencies and Society

The Company shall supervise and control its performance strictly to comply with laws, policies, regulations, notifications, practices and orders of state agencies, provide support and participate in state agencies' activities appropriately.

With respect to social responsibility, the Company adheres to diligence, rationality, morality and fairness, and environmental and social factors to meet a balance, stability and sustainability and build good relationships with a community in which the Company is situated and other communities by promoting, giving support and participating in communities' activities to enhance the Company's business operations.

Disclosure and Transparency

The Company provides accurate, complete, timely, transparent and traceable information disclosures to stakeholders both financial and non-financial information through a channel which can be easy access, equality, and reliability, and reveals information in compliance with laws, regulations and methods as required by the BoT and regulatory and supervisory bodies.

Responsibilities of the Board of Directors

The Board of Directors plays a key role in formulating the Company's policies, business overview, business plan, supervision, audit, and performance evaluation in accordance with the set strategy and business plan. The Board also manages the Company's business consistent with the laws, articles of association and shareholders' resolution with integrity and morality under the principle of accountability and code of conduct in business operations, and supervises the management to perform in line with the specified goals and guidelines for the most benefit to the Company and shareholders.

The Board has three major duties: formulating policies, supervising the Company to ensure that work process and resources are adequate and appropriate so that its performance shall be in line with the specified policy, and ensuring that the Company provides auditing and monitoring performances according to its policy. Apart from the aforesaid duties, the Board shall perform duties in compliance with regulators' laws and regulations and financial institutions' corporate governance and good governance principles.

In 2016, the Board of Directors set the Company's vision, mission and core values as follows:

Vision

To be the leading financial institution in the country that creates the best financial solutions for the clients.

Mission

Endeavour to extend quality financial services,
build clients' satisfaction,
consider the benefits to shareholders and employees,
and commit to social responsibility through good governance.

Core Values

Core values reflect the organization's philosophy and concepts as a driver of its sustainable growth target, and are regarded as a foundation of culture and the major component of the organization.

ATTITUDE

Activate positive thoughts and attitudes along with challenging viewpoints to build new working opportunities and experiences.

DEVELOPER

Being an active thinker and developer to create the best financial solutions for the clients.

VALUE

Increase the value of our employees and the organization with impressive services to the clients and sound benefits to the shareholders.

ASPIRATION

Create employee motivation and inspiration to strive towards effective tasks.

NETWORK

Enhance good relationships both internally and externally for the organization's strength.

COLLABORATION

Liaison and collaborate with all related parties for a mutual success.

EVALUATION

Make regular self-evaluation to achieve personal and work developments.

In addition, the Board of Directors considers and approves the Company's annual business plan and budget as proposed by the management to ensure that such plans are in line with the set vision, policies and strategies with adequate and appropriate resources that can support performance as planned effectively and efficiently. The Board also follows up and evaluates performance regularly.

Meeting of the Board of Directors

The Board of Directors' shall provide regular meetings as scheduled. A notice of the Board of Directors' meeting and relevant documents shall be submitted to all directors prior to the meeting date. In the meeting, the concerned management shall be invited to the meeting to explain proposed matters. The Board shall be given an opportunity to discuss or express opinions and make inquiries about the key issues.

In 2016, the Board of Directors' meetings were held as shown in the below table:

	Board of Directors Five meetings	Audit Committee Seven meetings	Nomination and Compensation Committee Two meetings
1. Mr. Cherdpong Siriwit*	5	1	
2. Mrs. Daranee Huachai	5		
3. Mr. Thanya Rojpaibool	5	7	
4. Dr. Tanasak Wahawisan	4	6	
5. Miss Kantima Pornsriniyom	4		1
6. Mr. Tan Hai Leng Eugene	3		
7. Mr. Vaysaruch Tunsiri	4		
8. Mrs. Aura-orn Akrasanee	4		
9. Mr. Somnuk Chaidejsuriya**	3		2
10. Miss Chularat Suteethorn**	4	5	2
11. Mr. Varut Bulakul**	4		

*Mr. Cherdpong Siriwit resigned from a member of the Audit Committee on February 24, 2016.

**Mr. Somnuk Chaidejsuriya, Miss Chularat Suteethorn, and Mr. Varut Bulakul were appointed as members of the Board of Directors on March 29, 2016.

Sub-Committees

The Company's sub-committees comprise

- | | |
|--|---|
| 1. The Audit Committee | 7. The Debt Restructuring Committee |
| 2. The Nomination and Compensation Committee | 8. The Information Technology Committee |
| 3. The Risk Management Committee | 9. The Asset Appraisal Committee |
| 4. The Planning and Budgeting Committee | 10. The NPA Management Committee |
| 5. The Assets and Liabilities Management Committee | 11. The Asset Sale Committee |
| 6. The Credit Committee | |

Selection of Directors and Top Executives

Board of Directors

The Nomination and Compensation Committee is responsible for selecting qualified persons to be the Company's directors or executives. As for the selection process of directors or top executives, the Company's shareholders, directors, independent directors and executives shall jointly nominate names of qualified candidates. The following qualifications are taken into consideration:

- 1) The director must possess knowledge, ability and experience beneficial for business operations and perform duties with honesty and business ethics. In addition, the director shall be able to devote adequate time, knowledge and ability to perform duties.
- 2) The director must be a qualified person and shall not have prohibited characteristics as specified by the laws on public limited companies, securities and exchange, the Financial Institution Business Act, B.E. 2551, and the BoT's related regulations, and shall not have characteristics indicating a lack of appropriateness in respect of trustworthiness in managing business whose shares are held by public shareholders as specified in the SEC's notification, and shall be a person whose name appeared in the listing names of persons on database of directors and executives of securities issuing companies as specified by the notification of the Capital Market Supervisory Board Re: Rules for Listing Names of Persons on Database of Directors and Executives of Securities Issuing Companies.
- 3) The director is forbidden to operate a business of the same nature as and in competition with that of the Company, or to enter to be a partner or a director in other juristic person which operates a business of the same nature as and in competition with that of the Company, either for their own or others' benefit unless the meeting of shareholders had been notified prior to appointment thereto.
- 4) The director shall inform the Company without delay in the case of having interests either directly or indirectly in any contract entered into by the Company or holding shares or debentures increased or decreased in the Company or affiliated companies.

The election and appointment of directors shall be in accordance with the method as specified in the Company's articles of association. Any appointed director shall be approved by the meeting of shareholders, whereas the resolution of the meeting of shareholders must be supported by majority votes of shareholders who attend the meeting and have rights to vote.

1. The meeting of shareholders shall elect a Board of Directors which consists of at least five directors to manage all businesses of the Company and have authority to perform tasks under a scope of laws, objectives and articles of association and shareholders' resolution. Moreover, the Board of Directors may delegate a person or group of persons to perform any act on behalf of the Board of Directors. Hence, the directors shall be or shall not be the Company's shareholders.
2. Directors not less than three-fourth of the total number of directors are Thai nationality.
3. Directors shall be elected by the meeting of shareholders in accordance with the following criteria and procedures:
 - (1) One shareholder has votes in a number equal to the number of shares he holds.
 - (2) Each shareholder shall use all his votes to elect one or more than one director. In case of voting for more than one director, he is not allowed to distribute his votes as he pleases.
 - (3) Persons who receive highest votes arranged in order from higher to lower in a number equal to that of directors to be appointed are elected as directors of the Company. In the event that of a tie at a lower place, which would make the number of directors greater than that required, the chairman of the meeting shall have a casting vote.

4. In every Annual General Shareholders' meeting, at least one-third of directors shall vacate office. In case the number of directors cannot be divided exactly into three parts, directors in a number closet to one-third shall vacate office.

Directors to vacate office in the first year and the second year after the Company's registration shall draw lots. In subsequent years, the directors who remain in office for the longest time shall vacate office. Directors vacating office may be re-elected.

5. Any director who wishes to resign from office shall tender a letter of resignation to the Company, and resignation shall take effect on the date on which the letter of resignation reaches the Company. The director who has resigned from office shall notify the Registrar for information of his resignation from office in accordance with public limited company laws.
6. In the case of a vacancy of directorship for reasons other than the expiration of term of office, the Board of Directors shall elect a qualified person without prohibited characteristics under the public limited company laws as the replacement director in the next meeting of the Board of Directors unless the remaining term of office of the director is less than two months. The replacement director shall hold only for the remainder of term of office of the director whom is replaced.

The resolution of the Board of Directors under the paragraph one must be supported by votes not less than three-fourth of the number of the remaining directors.

7. In the case where the whole Board of Directors vacate office, such Board of Directors shall remain in office as long as necessary to operate business of the Company until the new Board of Directors assumes office unless otherwise ordered by the court in the case where the court issuing an order to remove.

The Board of Directors vacating office must make arrangements to hold a meeting of shareholders for election a new Board of Directors within one month from the date on which it vacated office, by dispatching a notice of the meeting to shareholders not less than 14 days in advance of the date of the meeting and providing newspaper advertisement for the notice of the meeting not less than three consecutive days prior to the meeting date.

8. The meeting of shareholders may pass a resolution to remove any director prior to the expiration of his term of office with votes not less than three-fourth of the number of shareholders attending the meeting and having the right to vote and the total number of shares being of not less than one half of the number of shares held by shareholders attending the meeting and having the right to vote.

Independent Directors

A Board of Directors comprises independent directors not less than one-third of the total number of directors, but having at least three persons. The meeting of shareholders shall appoint independent directors to participate in the Board of Directors.

Criteria for selecting independent directors is based on the Board of Directors' selection criteria. Persons who shall be an independent director shall be considered qualifications and prohibited characteristics under public limited company laws, the Financial Institution Business Act., and securities and exchange laws, the notifications of the Capital Market Supervisory Board, including related notifications, regulations and/or procedures. The independent director shall have educational background, professionals, experiences and other appropriateness and propose the meeting of shareholders to consider the appointment as the Company's director. If any independent director vacates office prior to his term, the Board of Directors may appoint an independent director with qualifications mentioned above to take office for the replacement of such a director. The replacement independent director shall hold only for the remainder of term of office of the director whom is replaced.

Qualifications of independent directors are as follows:

1. Holding shares not more than one percent of total number of shares with voting rights of the Company, parent company, subsidiary company, associated company, major shareholder or controlling person, including shares held by persons related to such independent directors.
2. Not being or used to be an executive director, employee, staff, advisor who receives regular salary, or a controlling person of the Company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing status has ended not less than two years.
3. Not being a person related by maternity or by registration as parents, spouse, sibling and child, including spouse of children of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or subsidiary company.
4. Not having or having a business relationship with the Company, parent company, subsidiary company, associated company or major shareholder or controlling person that may lead to conflicts of interests that hinder independent opinions. As well, any independent director is not and used to be a significant shareholder, controlling person of any person having a business relationship with the Company, parent company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for at least two years.
5. Not having and used to be an auditor of the Company, parent company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, a controlling person or a partner of the audit firm in which auditors of the Company, parent company, subsidiary company, associated company, major shareholder or controlling person are employed unless the preceding relationship has ended for at least two years.
6. Not being or used to be a professional service provider, including a legal advisor or a financial advisor who was paid service fees of more than two million baht per year by the Company, parent company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, a controlling person or a partner of the professional service provider unless the preceding relationship has ended for at least two years.
7. Not being a director appointed as a representative of a director of the Company, major shareholder or a shareholder related to the Company's major shareholders.
8. Not operating any business which is of the same nature and in a significant competition with the Company or subsidiary company. Nor being a significant partner of a partnership or an executive director, employee, staff or advisor who receives regular salary or holds more than one percent of total number of shares with voting rights of any other company which operates business in the same nature and in a significant competition with the Company or subsidiary company.
9. Not having any prohibited characteristic that undermines independent opinions on the Company's business operations.

Members of the Audit Committee

The Board of Directors or the meeting of shareholders (as the case may be) shall appoint at least three members of the Audit Committee or not less than one-third of total number of members to be the Company's members of the Audit Committee. Each member shall be an independent director and shall not be a director assigned by the Board of Directors in decision-making on business operations of the Company, parent company, subsidiary company, associated company, same-level subsidiary company or major shareholder or controlling person, and shall not be a director of parent company, subsidiary company or same-level subsidiary company, especially for a listed company. Members of the Audit Committee have the same duties as those prescribed in the SET Notification Re: Qualifications and Scope of Work of the Audit Committee.

Hence, at least one member of the Audit Committee must be adequately knowledgeable and experienced to review the reliability of financial statements.

Executives

The Company has a policy on selection of executives who have knowledge, expertise and experience in business in line with human resources management practices and those shall be approved by the Board of Directors or a person delegated by the Board.

The Nomination and Compensation Committee considers and selects a person to take a position of a Chief Executive Officer who must be approved by the Board of Directors. The Chief Executive Officer shall be authorized to approve the recruitment, appointment of knowledgeable, capable and experienced persons in the Company's business as permanent staff in all levels.

Hence, the appointment of heads of compliance and internal audit functions must initially be concurred by the Audit Committee.

Supervision of Operations of Subsidiaries and Associated Companies

The Company has no investment in subsidiary company and associated company, but in the future, an investment policy in potential or related businesses or businesses that can support its core business and generate profit to the Company may be provided. To serve this area, the Company shall authorize or appoint a person or a group of persons to maintain and closely monitor subsidiaries and associated companies performance to protect interests of shareholders and the Company. Investment in subsidiaries and associated companies shall be in compliance with regulations, notifications and related laws.

The Use of Inside Information

The Company has a policy on the use of inside information to prevent the exploitation of any important inside information undisclosed to the public for one's own benefit all for others to ensure fairness to all stakeholders and compliance with the principle of good corporate governance as follows:

1. The Company has defined a written policy on maintaining inside information and preventing the exploitation of inside information for one's own benefit. Such a policy is set for the Board of Directors, executives and related staff members as practical guidelines.
2. Directors, executives and staff members must not trade the Company's shares by using confidential and/or

inside information, and/or make any actions by using the Company's confidential and/or inside information which causes damage to the Company either directly or indirectly.

3. Directors, managing director, executives and the management in the Accounting or Finance Group or equivalence and related staff members who become aware of important inside information that affects a change in share prices must refrain from trading shares of the Company during the embargo period until information related to financial statements or financial position is disclosed to the public, which means two weeks before and until the date of announcement of quarterly financial statements and one month before and until the date of announcement of yearly operating performance.
4. The Company formulates disciplinary penalties for any person who exploit for his own benefit from the use of inside information or information disclosures which may cause damage to the Company. Violator would be subject to penalty by verbal warning, written warning, suspension, dismissal, termination of employment caused by dismissal, or removal or, as the case may be.
5. Directors, managing director, executives and the management in the Accounting or Finance Group or equivalence and the Company's auditors must report their securities holding issued by the Company, spouse and minor child. Such persons must submit their reports on his securities holding, spouse and minor child to the Company Secretary in each time before sending such reports to the SEC within 30 days from the date of appointment of taking a position of the director or the executive. In addition, the aforesaid persons are required to report changes in the Company's securities holding to the Company before sending such reports to the SEC within three days from the date of purchase, sale, transfer or taking transfer in accordance with Clause 39 under the Securities and Exchange Act. B.E. 2535, and disclose such reports to the public.

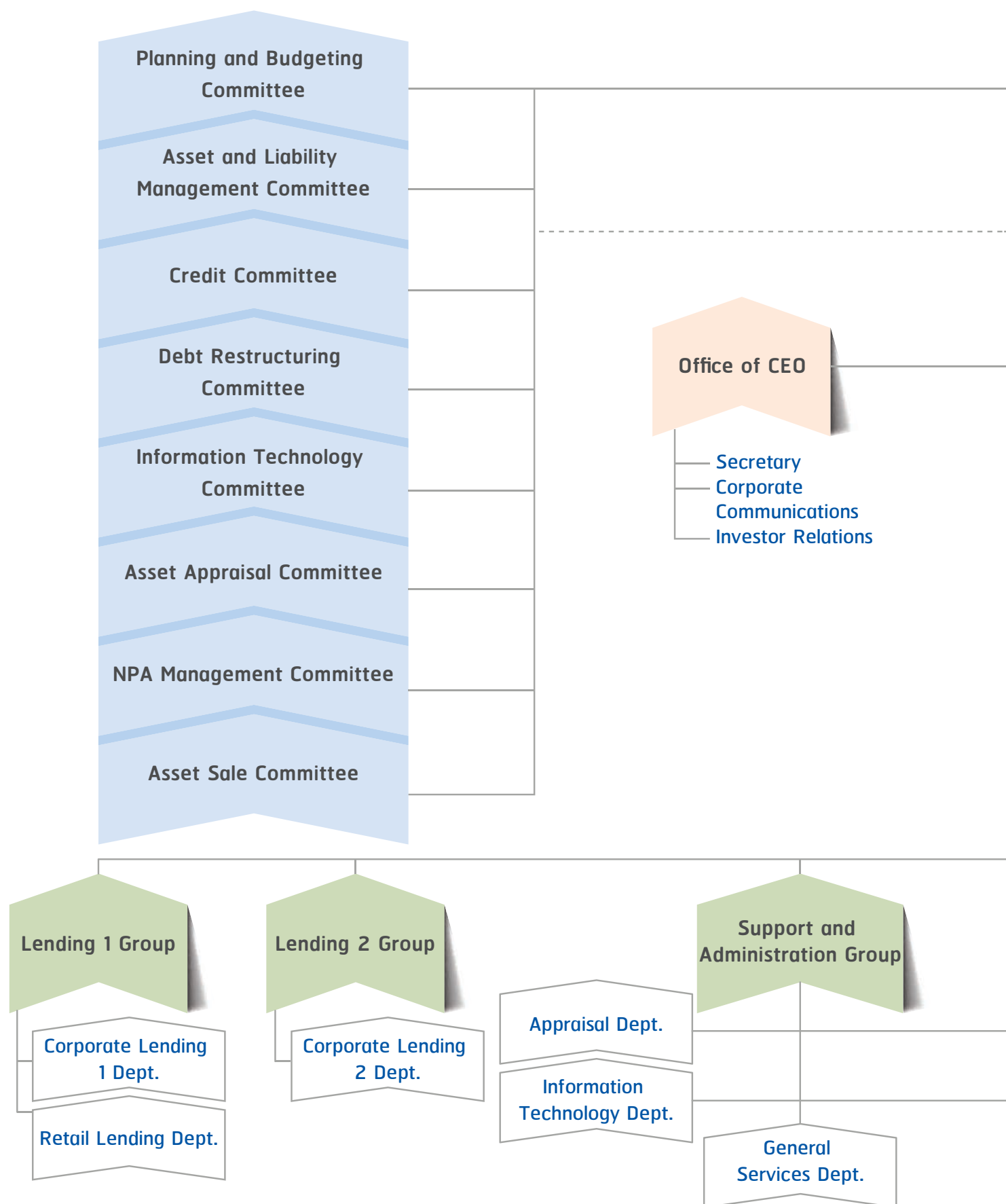
Auditor Fees

In 2016, the Company paid audit fees with the following details:

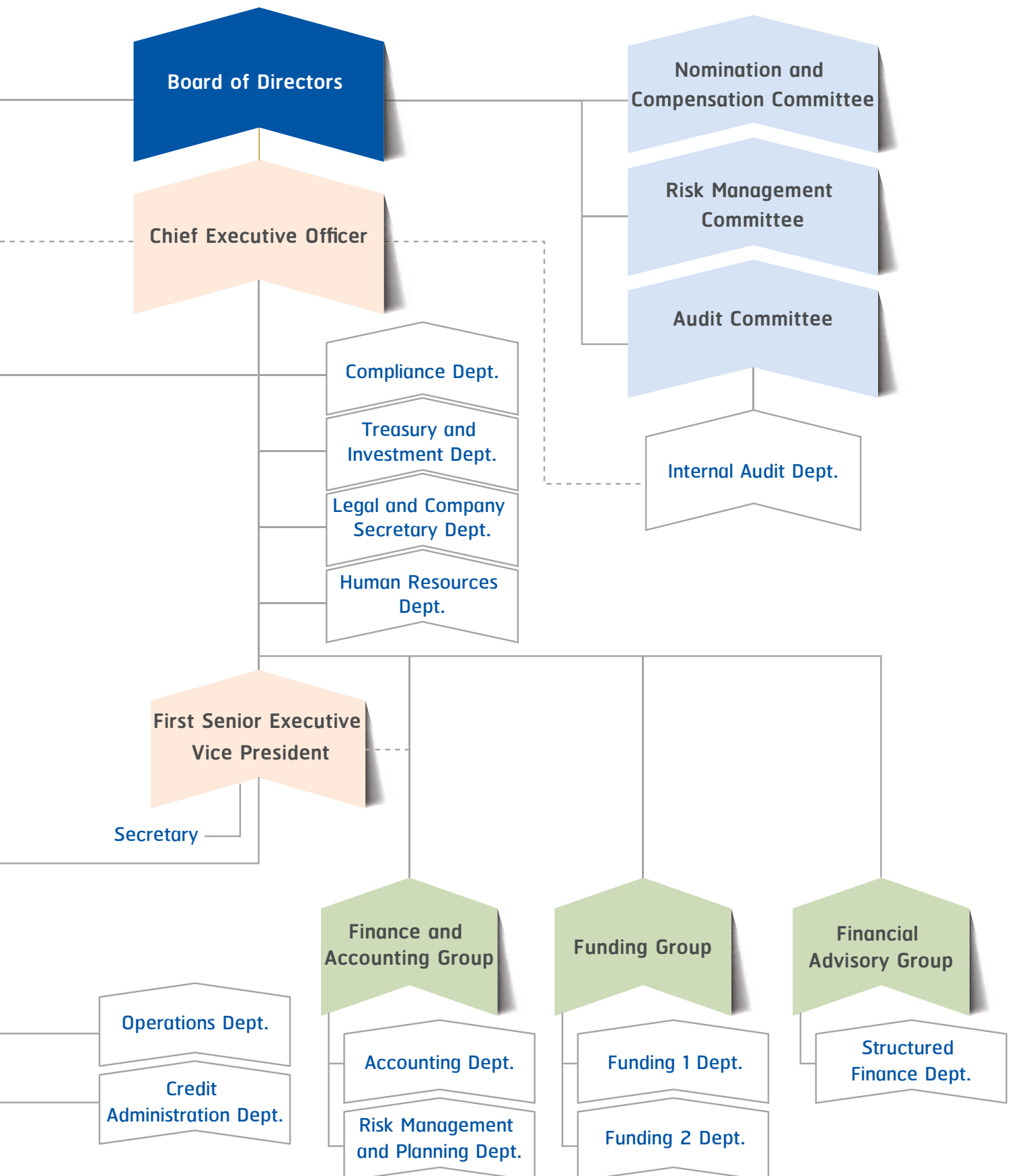
	Unit: Baht	
	2016	2015
Audit Fees	2,900,000	1,280,000

Thus, the Annual General Shareholders' meeting for 2016 approved the determination of the auditor fees for 2016 in the amount of THB2,900,000.

Organization Chart



The organization chart of Advance Finance Public Company Limited (approved by the Board of Directors' meeting No.1 /2016 on February 24, 2016) effective from May 1, 2016 onwards.



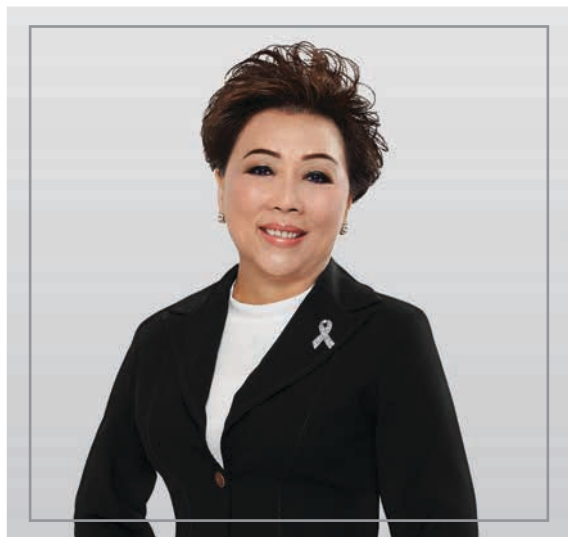
Board of Directors and Executives



Cherdpong Siriwit

Independent Director

Chairman of the Board



Daranee Huachai

Director

Chief Executive Officer

Board of Directors and Executives



Thanya Rojpaibool

Independent Director

Chairman of the Audit Committee

Tanasak Wahawisan

Independent Director

Member of the Audit Committee



Somnuk Chaidejsuriya

Independent Director

Chairman of the Nomination and
Compensation Committee



Board of Directors and Executives



Chularat Suteethorn

Independent Director

Member of the Audit Committee

Member of the Nomination and
Compensation Committee

Kantima Pornsriniyom

Director

Member of the Nomination and
Compensation Committee



Tan Hai Leng Eugene

Director

Board of Directors and Executives

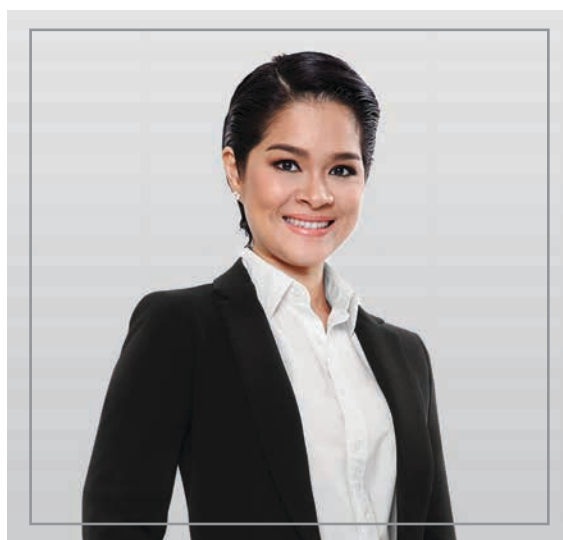


Vaysaruch Tunsiri

Director

Aura-orn Akrasanee

Director



Varut Bulakul

Director

Management Group



Lending Group



Funding Group



Financial Advisory Group

Management Group



Support & Administration Group



Support & Administration Group

Report on the Board of Directors' Responsibility towards Financial Reports

The Board of Directors has duties and responsibilities to ensure preparing financial statements for the fiscal year of the Company before proposing it for the Annual General Shareholders' meeting's consideration and approval, and providing financial information disclosures in the annual report of the Board of Directors.

With the Board's realization of such duties and responsibilities, for the fiscal year ended December 31, 2016, the Board of Directors rendered financial statements made in accordance with financial reporting standards, generally accepted accounting standards, and appropriate accounting policies used for regular practices, in parallel with providing the independent auditor to audit and express opinions on such financial statements. Moreover, the Board of Directors maintained the report on operating performance and financial information disclosures in the annual report of the Board of Directors.

Apart from those mentioned, the Company's internal control, internal audit, and risk management were furnished according to the principles of good corporate governance to ensure transparent and reliable financial statements and financial information reports. In order to support such duties, the Board of Directors have appointed the Audit Committee, which consists of three independent directors, to review financial reports and provide adequate and efficient internal control and internal audit systems. Hence, the Audit Committee expressed opinions on such a matter in the report of the Audit Committee as shown in the annual report.

The Board of Directors agreed that the Company had adequate and appropriate internal control systems that can strengthen confidence reasonably in the reliability of the Company's financial statements for the fiscal year ended December 31, 2016.



Mr. Cherdpong Siriwit
Chairman of the Board of Directors

Report of the Nomination and Compensation Committee

To Shareholders of Advance Finance Public Company Limited

The Nomination and Compensation Committee of Advance Finance Public Company Limited was appointed by the Board of Directors on February 24, 2016 to support the Board of Directors in the selection of qualified persons to be directors and the Chief Executive Officer, and to provide guidelines which are appropriate to, and comply with the Company's circumstances in the determination of remunerations for the directors and the Chief Executive Officer. The Nomination and Compensation Committee comprises three persons who have knowledge, expertise and experience: Mr. Somnuk Chaidejsuriya as the Chairman, Miss Chularat Suteethorn and Miss Kantima Pornsriyom as the Members, and Mrs. Patnaree Nititattammathorn, Department Vice President of the Human Resources Department, as the Secretary of the Committee.

In 2016, the Nomination and Compensation Committee performed its duties and responsibilities assigned by the Board of Directors. Two meetings were held for this year, with the following details:

1. Preparing the draft charter of the Nomination and Compensation Committee.
2. Considering criteria for selecting and screening the right persons as directors and the Chief Executive Officer, as well as setting their remunerations and other benefits.

The Nomination and Compensation Committee has performed delegated tasks with carefulness, full capabilities and independence in accordance with the good corporate governance.



(Mr. Somnuk Chaidejsuriya)

Chairman of the Nomination and Compensation Committee

Report of the Audit Committee

The Audit Committee of Advance Finance Public Company Limited (the Company) was appointed by the Annual General Shareholders' meeting and the Board of Directors' meeting. The term of the Committee shall be in accordance with the Company's mandate governing the term in office of directors. The Audit Committee has duties and responsibilities as specified by the Audit Committee's charter. In the year 2016, the Audit Committee held seven meetings and reported the results of audit activities along with the minutes for each meeting to the Board of Directors.

The Audit Committee comprises three independent directors as follows:

- | | |
|-----------------------------|---|
| 1. Mr. Thanya Rojpaibool | Chairman of the Audit Committee
(Appointed on October 22, 2014 and attended seven meetings) |
| 2. Dr. Tanasak Wahawisan | Member of the Audit Committee
(Appointed on August 27, 2014 and attended six meetings) |
| 3. Miss Chularat Suteethorn | Member of the Audit Committee
(Appointed as the Director by the 2015 Annual General Shareholders' meeting and appointed as the Member of the Audit Committee by the Board of Directors' meeting, effective from March 29, 2016, replacing Mr. Cherdpong Siriwit, who shall take only a position of Chairman of the Board of Directors, and attended five meetings) |

The Audit Committee has also appointed Dr. Sunetra Saengratanagul, Executive Vice President of the Internal Audit Department as the Secretary of the Audit Committee since August 3, 2016.

The Audit Committee performed various tasks in accordance with the scope of authorities and responsibilities which can be summarized as follows:

1. Financial Reports

The Audit Committee considered financial reports, related disclosures, important accounting policies and estimations, including observations provided by the Company's auditor. Moreover, the Audit Committee held an exclusive meeting with auditors without the management team to discuss the independence of the auditors in performing their duties and expressing opinions.

The Audit Committee found that financial reports for the year ended December 31, 2016 was prepared accurately, in all material respects, in accordance with financial reporting standards, whereas information disclosure was adequate and proper.

2. Internal Control

The Audit Committee considered the assessment results of the adequacy of internal control performed by the Chief Executive Officer, the Corporate Governance and Internal Control Team, and the Internal Audit Department in accordance with the template designated by the Securities and Exchange Commission (SEC). The assessment covers five major components: control environment, risk assessments, control activities, information technology and communications, and monitoring system before rendering the results to the Board of Directors.

The Audit Committee agreed that the Company has achieved the sufficient internal control system with the appropriate numbers of staff in pursuing the effective system. No significant deficiency on the internal control system was found.

3. Regulatory Compliance

The Audit Committee reviewed the Company's operations to ensure compliance with the laws and regulations concerning financial institution business e.g. the Financial Institution Business Act., laws, and related notifications and regulations by considering the report on supervision of operations prepared by the Compliance Department, the audit results prepared by the Internal Audit Department and outside parties on a regular basis. Furthermore, the Audit Committee acknowledged the report on changes in various regulations by quarterly. Effective from 2017, approval of annual appraisal of the Head of Compliance functions shall be concurred by the Audit Committee to enhance the independence of Compliance functions.

The Audit Committee agreed that the Company realized the importance of compliance practice. The supervision and examination over departments were performed adequately and appropriately, to ensure they shall perform tasks accurately and comply with the laws, notifications and related regulations.

4. Risk Management

The Audit Committee considered a guideline for risk assessments, risk assessment results in each important process of the Company, including audit results of the risk management prepared by Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd., which is the outsourcing consultant.

The Audit Committee found that the Company provided the efficient risk management system and regulated the risk management policy adequately.

5. Internal Audit

The Audit Committee considered and approved the 2017 annual audit plan and the revision of the audit plan to significant changes in circumstances in line with the Internal Audit Department's long-term audit plan (2015-2017) based on risk-based audit approach, and followed up on performances as specified in the audit plan by quarterly. In addition, the Audit Committee considered the BoT's audit report, the reviewed and audit results of internal control systems of Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd., which is the outsourcing service provider. Moreover, the Audit Committee approved the 2016 performance assessment for the Head of Internal Audit functions proposed by the Chief Executive Officer, to enhance the independence of Internal Audit functions.

The Audit Committee found that the Company realized the importance of internal audit and provided a budget and personnel adequately and properly, enabling efficient performances as planned, and viewed that the Company had adequate and appropriate audit systems which have been developed. In addition, the management has improved the issues found appropriately and promptly.

6. The appropriateness of an auditor

The Audit Committee elected and appointed the auditor from KPMG Phoomchai Audit Ltd., as the Company's auditor for the 2017 accounting period by considering the scope, the guideline and the annual audit plan of the auditor, independence, the auditor's past performances and remunerations for 2017 compared to organizations operating in similar types of business and size.

The Audit Committee agreed that such auditor had professional knowledge and expertise, and its qualification and independence were in line with the laws, notifications and related regulations. Furthermore, the auditor's remunerations were appropriate to the scope of the auditor's responsibilities and the Company's size and nature of business.

7. Connected transactions or possible conflicts of interest

The Audit Committee reviewed the audit reports on conducting transactions with major shareholders or businesses with beneficial interest (Related Lending) and the audit reports on Single Lending Limit. The Audit Committee reviewed the disclosure of connected or possible conflicts of interest transactions.

The Audit Committee agreed that the Company has conducted transactions with major shareholders and businesses with beneficial interest in accordance with the laws, policies and guidelines as set forth by the Company based on the reasonableness, transparency and normal business practice for the utmost benefit. Such transactions were disclosed accurately and adequately.

In summary, the Audit Committee has performed duties and responsibilities as specified in the Audit Committee's charter, with adequate knowledge, capabilities, carefulness and independence. The Audit Committee also expressed opinions and rendered constructive recommendations for the benefit of the Company and Stakeholders equally and reported the significant issues to the Board of Directors' Meeting regularly.



(Mr. Thanya Rojpaibool)
Chairman of the Audit Committee
February 2017

General Information

Company Information

Company Name	Advance Finance Public Company Limited
Registration No.	0107547000541
Type of Business	Finance Business
Main Office	40th Floor, CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330
	Tel: 0 2626 2300
	Fax: 0 2626 2301
	Website: http://www.advancefin.com

Company Shares

Registered Capital	1,350,000,000	Baht
Ordinary Share	1,350,000,000 Shares;	Par Value: THB 1
Preferred Share	–	Shares
Paid-Up Capital	1,000,000,000	Baht
Ordinary Share	1,000,000,000	Shares

References

Auditor	Miss Pantip Gulsantithamrong Certified Public Accountant (Thailand) No. 4208 KPMG Phoomchai Audit Ltd. 50th – 51st Floor, Empire Tower, 1 South Sathorn Road, Yanawa, Sathorn, Bangkok 10120 Tel: 0 2677 2000, Fax: 0 2677 2222
Legal Advisor	Samak and Associates Law Office Company Limited 122 Bunsiri Road, Khwaeng San Chao Pho Sua, Phra Nakhon, Bangkok 10200
Investor Relations	Mrs. Daranee Huachai, Chief Executive Officer Tel: 0 2626 2402, Fax: 0 2626 2302

Shareholder Structure

The Company's shareholding structure as of December 31, 2016

No.	Name of Shareholders	No. of Shares	Percent of Total No. of Shares
1	IFS Capital Limited	100,000,000	10.00
2	Seamico Securities Public Company Limited	100,000,000	10.00
3	Miss Kantima Pornsriniyom	100,000,000	10.00
4	Brooker Group Public Company Limited	100,000,000	10.00
5	Billion Innovated Group Company Limited	65,000,000	6.50
6	Network Management Company Limited	61,770,900	6.18
7	Mrs. Daranee Huachai	50,000,000	5.00
8	Miss Montira Leelaprachakul	50,000,000	5.00
9	Mr. Darong Pornsriniyom	48,000,000	4.80
10	Mrs. Ananya Ruengsakwichit	43,097,100	4.31
	Sum of top ten shareholders	717,868,000	71.79
	Other shareholders	282,132,000	28.21
	Total paid-up capital	1,000,000,000	100.00

The Company's shares held by the directors

No.	Directors' Name	2016*	2015	+ / (-)
1	Mr. Cherdpong Siriwit	-	-	-
2	Mrs. Daranee Huachai	50,000,000	500,000	-
3	Mr. Thanya Rojpaibool	-	-	-
4	Mr. Somnuk Chaidejsuriya	-	-	-
5	Dr. Tanasak Wahawisan	-	-	-
6	Miss Chularat Suteethorn	-	-	-
7	Mr. Tan Hai Leng Eugene	-	-	-
8	Mr. Vaysaruch Tunsiri	-	-	-
9	Mrs. Aura-orn Akrasanee	-	-	-
10	Mr. Varut Bulakul	-	-	-
11	Miss Kantima Pornsriniyom	100,000,000	100,000	-

* The Company's par value has been changed from THB 100 to THB 1 per share on April 4, 2016.

Director Remunerations

No.	Directors' Name	Position	2016	2015
1	Mr. Cherdpong Siriwit*	Chairman of the Board of Directors	780,000	840,000
2	Mrs. Daranee Huachai	Executive Director	–	–
3	Mr. Thanya Rojpaibool	Independent Director, and Chairman of the Audit Committee	707,500	630,000
4	Mr. Somnuk Chaidejsuriya**	Independent Director, and Chairman of the Nomination and Compensation Committee	268,750	–
5	Dr. Tanasak Wahawisan	Independent Director, and Member of the Audit Committee	368,758	330,000
6	Miss Chularat Suteethorn**	Independent Director, Member of the Audit Committee, and Member of the Nomination and Compensation Committee	323,750	–
7	Mr. Tan Hai Leng Eugene***	Director	191,250	22,500
8	Mr. Vaysaruch Tunsiri	Executive Director	–	–
9	Mrs. Aura-orn Akrasanee	Executive Director	–	–
10	Mr. Varut Bulakul**	Director	163,750	–
11	Miss Kantima Pornsriniyom	Director, and Member of the Nomination and Compensation Committee	256,250	130,000
12	Mr. Lee Soon Kie***	Director	–	165,000
13	Mr. Mongkol Yiengsuphanont*	Director	–	72,500

* Mr. Cherdpong Siriwit resigned from the member of the Audit Committee on February 24, 2016, Mr. Mongkol Yiengsuphanont resigned from the Company's director on June 8, 2015.

** Mr. Somnuk Chaidejsuriya, Miss Chularat Suteethorn, and Mr. Varut Bulakul were appointed as the Company's directors on March 29, 2016.

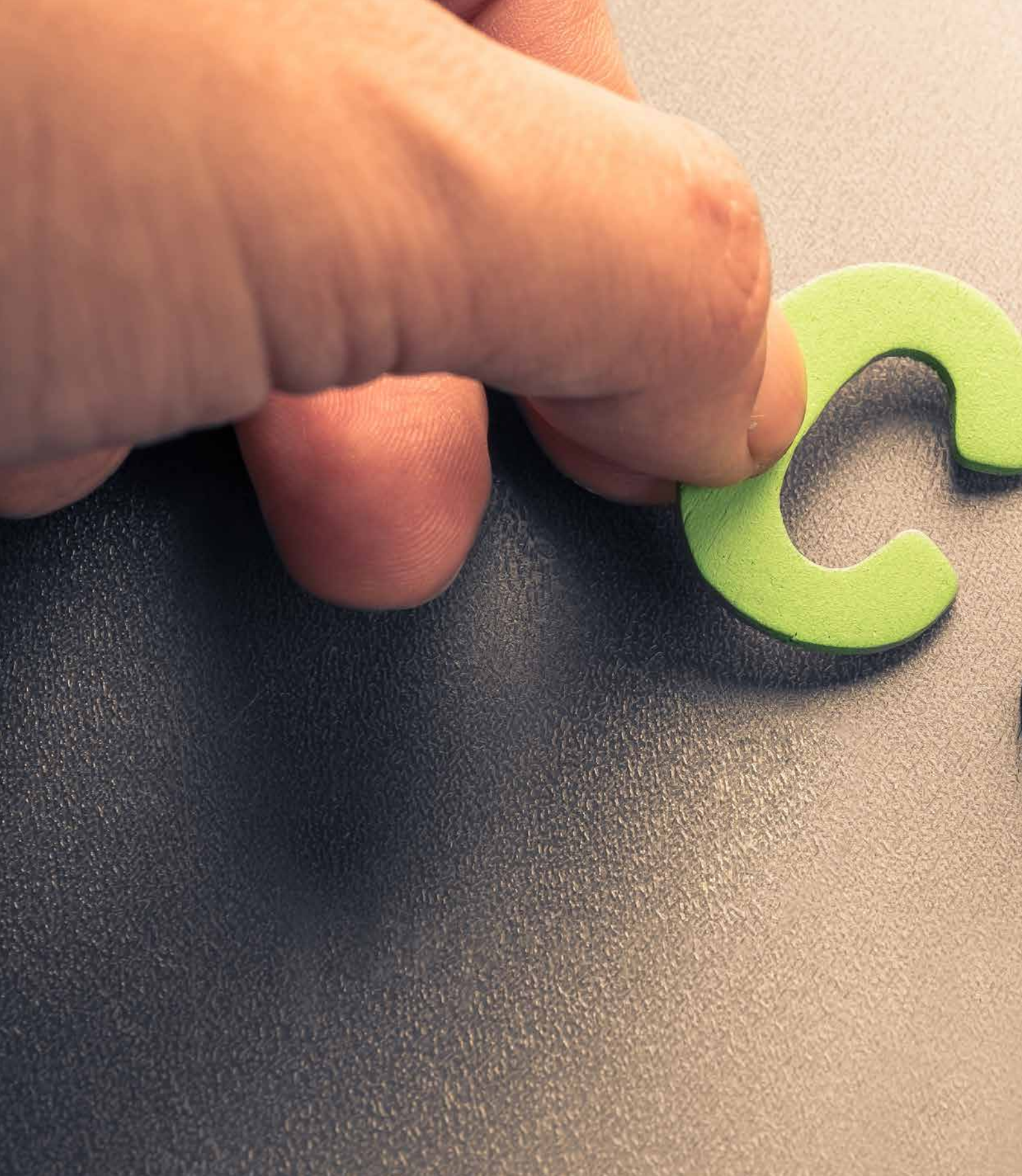
*** Mr. Tan Hai Leng Eugene was appointed as the Company's director on December 14, 2015, Mr. Lee Soon Kie resigned from the Company's director on October 21, 2015.

The Company pays the directors remuneration in cash only. In 2016, the annual cash remuneration (average monthly payment) and attendance fees for eight directors amounted to THB 3,060,008 compared to THB 2,190,000 in 2015. Such annual remuneration and attendance fees were not paid to the executive directors.

Other Businesses' Shares Held by the Company from and above 10 Percent

The Company holds shares in AAMC Asset Management Co., Ltd. in the amount of 100,000 shares, which accounts for 10 percent of the registered capital with the following details:

Company Name: AAMC Asset Management Co., Ltd.	
Registration No.	0105551045420
Business Type	Asset Management
Main Office	1768 Thai Summit Building, 24th Floor, Newpetchburi Road, Bangkok, Huaykhwang, Bangkok, 10310
Registered Capital	THB 100,000,000
Divided into	1,000,000 Shares; Par value: THB 100
Paid-Up Capital	THB 55,000,000



Corporate Social Responsibility



S

R



Corporate Social Responsibility

Sufficiency Economy

What is Philosophy of Sufficiency Economy?

A philosophy of sufficiency economy is a sustainable guideline developed by His Majesty King Bhumipol Adulyadej for the Thai people to reach a middle path of life and used as a livelihood foundation at all levels of society. The sufficiency economy has become modern, as well as having international practices which can be applied to all circumstances. Under this principle, mutually related production and consumption and ability to manage own resources in all levels lead to proportional population sizes, appropriate technology usage, ecosystem balancing without external interruptions.

Philosophy of Sufficiency Economy

...Developing countries requires a step-by-step approach by basically creating self-sufficiency of the majority of the people through economical methods and tools, but strictly adhering to righteousness in accordance with the principle. Once a fairly steady



and practical base is achieved, the progress and higher cost of living should be further developed. Focusing only on escalating the cost of living regardless of conformity to an action plan of the nation and the people will finally result in the imbalance of various matters that may lead to difficulties and failures...

(The Royal Guidance of His Majesty King Bhumibol Adulyadej given at the graduation ceremony of Kasetsart University at the Auditorium of Kasetsart University on July 18, 1974)





Mrs. Daranee Huachai
Chief Executive Officer
Advance Finance Public Company Limited

Advance Finance

Advance Finance Public Company Limited ("Advance Finance")

sees the importance of a sustainable community, where people can be self-reliant. A corporate social responsibility (CSR) policy for three consecutive years (2016-2018) has initially been created for farmers, organic agricultures and self-reliant agricultures in accordance with the sufficiency economy philosophy of His Majesty King Bhumibol Adulyadej under the supporting project on "Sufficiency Organic Agricultures: Follow in Father's Footsteps". For this project, in coordination with Mr. Preedathapan Junruang, a farmer and leader of the Chainat Green Agriculture Community Enterprise, Advance Finance has contributed towards the organic rice standard upgrading hall, to facilitate the communities own manufacturing and packaging processes consistent with the standardization of product quality and safety certification to consumers, to increase product values and distribution at community levels, so that they can generate more income and promote their communities sustainable self-reliance, rather than a reliance only on the public sector.

Under this project, the executives and staff touched a farmer's way of life through engaging in being organic rice farmers for all procedures: sowing, indirect seeding, growing, transplanting, harvesting and milling to yield non-toxic rice which makes the pride to all of us.

Mr. Preedathapan Junruang, the Chairman of the Chainat Green Agriculture Community Enterprise, has begun a prototype of Young Smart Farmer for the Department of Agriculture Extension to encourage the community via the self-reliant agriculture principle, which promotes non-dependence on the government's budget as provided for the traditional farming. Hence, His Majesty King Bhumibol Adulyadej's sufficiency economy philosophy has been adopted and will be used effectively to enhance farmer and community independence.

CSR Plan for the Supporting Project "Sufficiency Organic Agriculture: Follow in Father's Footsteps"

1st year – 2016

The project was aided by the Company's purchase of organic rice products such as rice burry, Sinlek rice and organic Jasmine rice (Riceberry), totaling 3,000 kilograms each year, and this contribution will continue until 2018. Moreover, the Company gave financial support for a packaging hall, as specified by the Food

and Drug Administration, for upgrading organic rice standards to further develop a variety of products of the Chainat Green Agriculture Community Enterprise to achieve a 5-star OTOP product from the 4-star OTOP currently awarded.

2nd year – 2017

Mr. Preedathapan Junruang's organic paddy field will be developed as an organic farming learning center in accordance with His Majesty King Bhumibol Adulyadej's principle, in order to increase members of the Chainat Green Agriculture Community Enterprise and Young Smart Farmer Thailand in the future.

3rd year – 2018

The Company will give support for the development of paddy fields to become one of the tourist attractions in Chainat Province (Home Stay), which will provide an income to the community and promote ecotourism or natural resources and environmental conservation, including energy conservation.

Mr. Preedathapan Junruang



Mr. Preedathapan Junruang is a member of Young Smart Farmer of the Department of Agriculture Extension and a member of "the Pook Pinto Kao Project" urging the government to support marketing, contacting with clients and giving advice on controlling yields as demanded. As a result, organic rice burry of the Chainat Green Agriculture Community Enterprise has been awarded as "the 4-star OTOP product" under the ORIGIN RICE brand.

Mr. Preedathapan Junruang has been selected for the prestigious award of "Thailand's Agriculture Sage Award" for 2016, organized by the Office of the Chainat Agriculture and Cooperatives (results unofficially announced).



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