



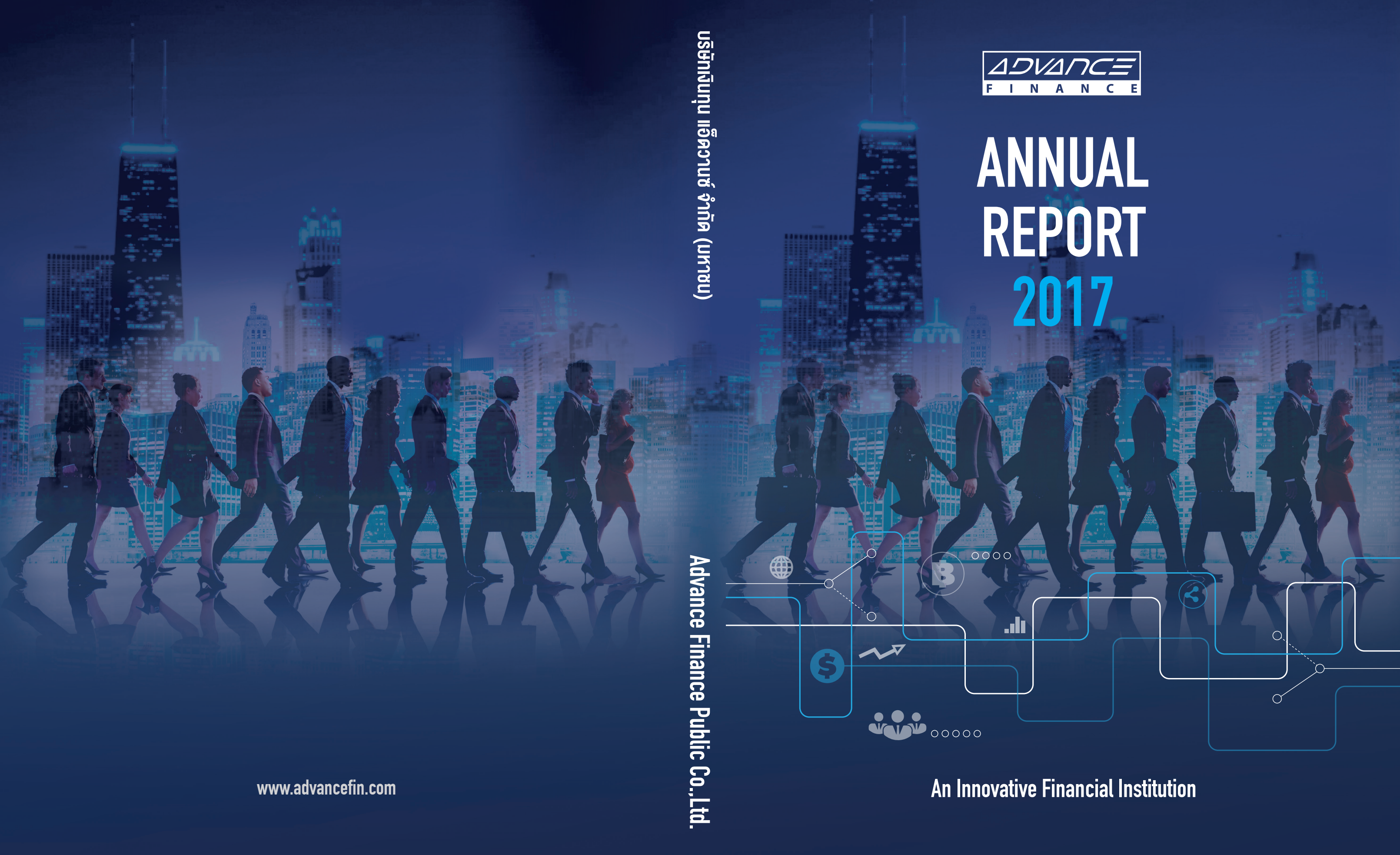
ANNUAL REPORT 2017

บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)

Advance Finance Public Co., Ltd.

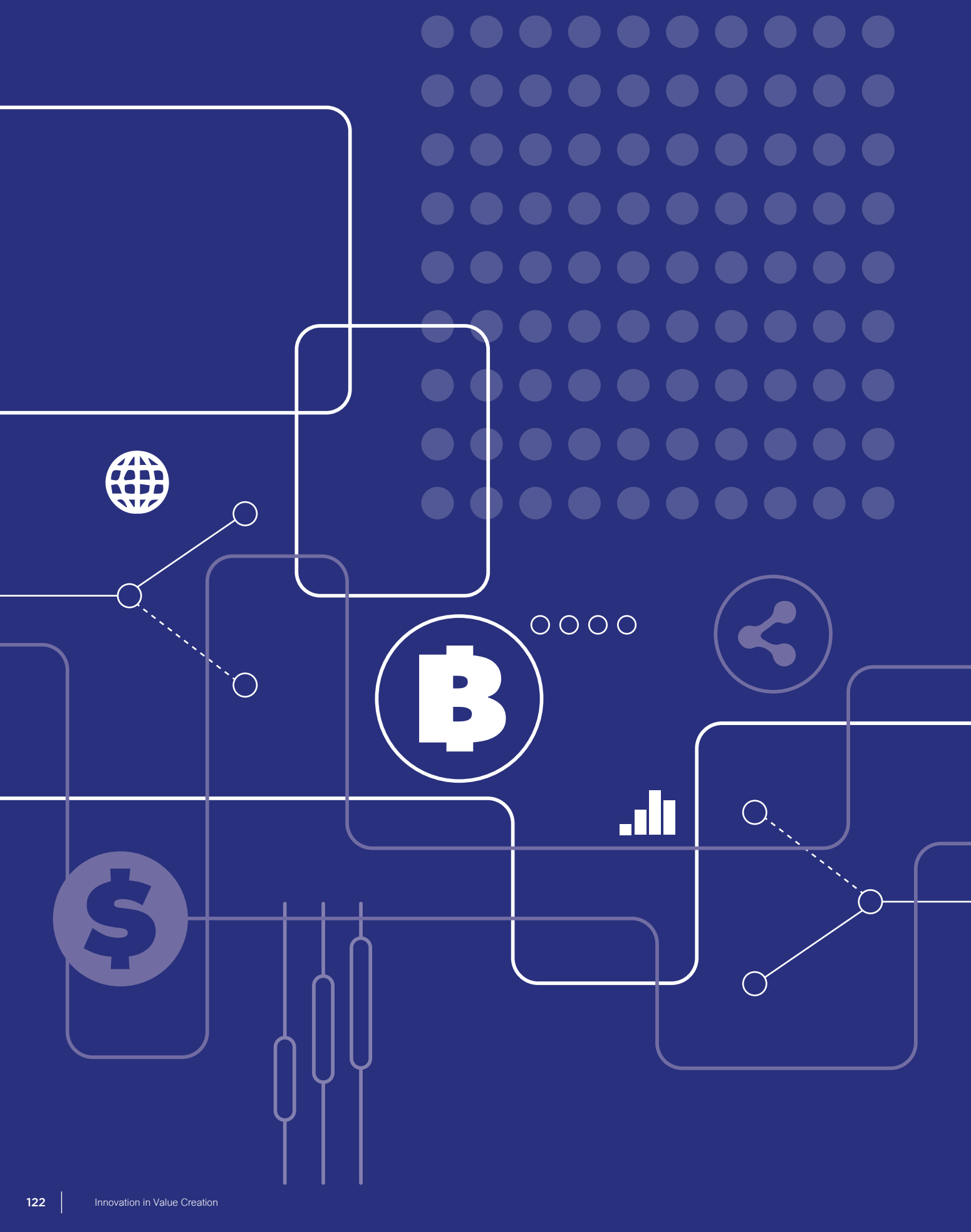
www.advancefin.com

An Innovative Financial Institution

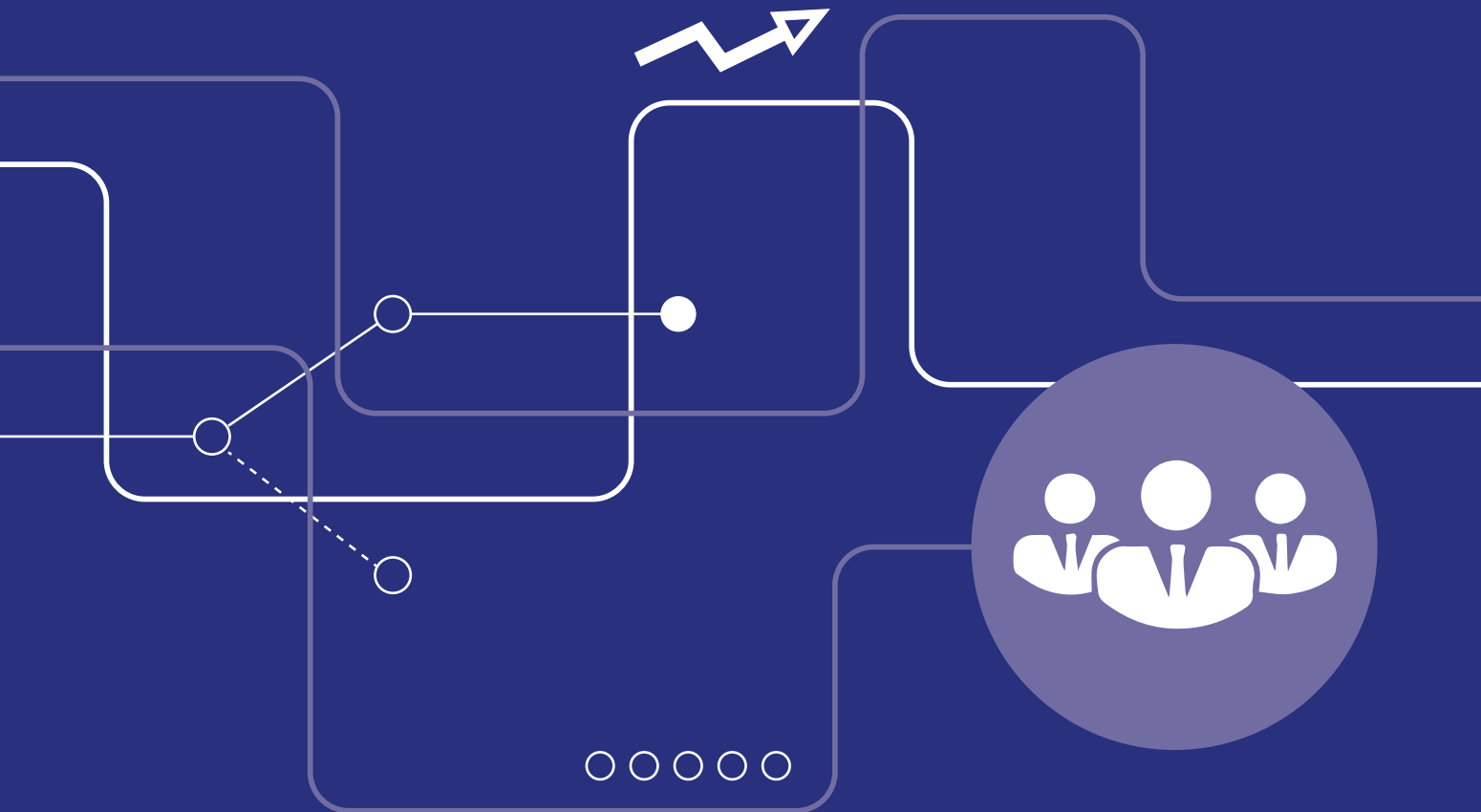


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Innovation in Value Creation



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 client's 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 TTITUDE

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

D EVELOPMENT

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

V ALUE

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

A SPIRATION

Create employee motivation and inspiration to strive towards effective tasks.

N ETWORK

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

C OLLABORATION

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

E VALUATION

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

Message from the Chairman



In a prior year, the Thai economy showed clear signs of recovery in the second half of 2017 thanks to growth in exports fuelled by the stronger global economy and its continued growing tourism sector; however, the country's expenditure, especially the shrinking private sector investment and delayed government spending slowed down the economic recovery.

Advance Finance Public Company Limited has continuously concentrated in developing the organization and run business as set out in the Company's mission so as to keep pace with rapidly changing environments and prepare for entering the digital finance era, especially focusing on the development of the Company's information technology system.

Besides, in 2017, providing full cooperation and abilities of the management team and all employees led the organization to overcome external difficulties beyond our control that influenced the Company's business operations. Continuing from the previous year, the Company has been in a stage of developing the internal operating system more efficiently with modern technology.

Under a higher competition in the upcoming years, I am confident that full support from our Board and all committees, the dedication of the management team and all employees as well as administration in accordance with the good governance principle will enable the Company to achieve a sustainable growth.

Lastly, on behalf of the Board of Directors of Advance Finance Public Company Limited, may I express my sincere appreciation to our shareholders, customers and business alliances for continued trustworthiness and support.

A handwritten signature in black ink, reading "Cherdpong Siriwit".

Mr. Cherdpong Siriwit
Chairman

Message from the Chief Executive Officer



In 2017, the Thai economy showed improvement compared to the previous year, driven by the global economic recovery, government investment, continued growing tourism industry as well as strong growth in exports. Nevertheless, Thailand was still adversely affected by internal risks from both public and private investments which had an impact on our domestic consumption.

As part of the finance and banking sector, in 2017, financial institutions experienced the problem of increasing non-performing loans (NPLs) from a prior year, especially in small and medium-sized enterprises (SMEs) and housing loans. Consequently, the Company has slowed down granting loans to customers since the beginning of the year, put more efforts into reducing the non-performing loans. The Company also set aside adequate loan loss provisions in accordance with the Bank of Thailand's regulation, causing a higher credit cost. During the year, the Company overhauled its internal operating system to meet the BASEL III requirements with which the Company has complied since July 1, 2017, whereas the Company has continued its upgrading the International Financial Reporting Standard 9 (IFRS 9), which will be implemented on January 1, 2019. The organization structure has been developed to enhance work efficiency as well. Apart from the aforementioned activities, the Company has opened up a new channel to make communication with customers much faster and more convenient through social media platforms like Line and Facebook other than Short Message Service (SMS). With our dedicated management team and hard-working employees, the Company could gain a 2017 profit of THB 72.4 million, equity of THB 1,283.4 million, and a robust BIS ratio of 17.73%.

For the year 2018, many researchers forecast the Thai economy will grow stronger than that of a prior year, but we are still facing both internal and external risk factors including a rapid change in financial technology and a more intense competition. However, the Company aims to run business continuously to be in line with the strategic plan in order to sustain the Company's growth and stability by focusing on resolving the NPL problem to an appropriate level as targeted.

On behalf of the management team of Advance Finance Public Company Limited, I would like to express my sincere gratitude to our shareholders, customers and business alliances for continued trustworthiness and support.

A stylized, handwritten signature in black ink, reading "D. Dam".

Mrs. Daranee Huachai
Chief Executive Officer

Financial Highlights

				Change%
	2017	2016	2015	2017/2016
Financial Position (THB Million)				
Loans and Accrued Interest Receivables	5,675.40	6,764.92	5,123.50	-16.11
Loans (Less Allowance for Doubtful Accounts)	5,508.50	6,642.67	5,073.16	-17.07
Deposits	7,277.70	7,775.20	5,401.89	-6.40
Liabilities	7,631.81	8,128.80	5,668.88	-6.11
Assets	8,915.25	9,394.57	6,878.28	-5.10
Equity	1,283.44	1,265.77	1,209.40	1.40
Operating Performance (THB Million)				
Interest Income	517.75	515.85	336.87	0.37
Interest Expense	266.64	241.44	172.21	10.44
Net Interest Income	251.12	274.41	164.66	-8.49
Non Interest Income	46.29	74.85	109.77	-38.16
Other Operating Expenses	165.32	157.79	131.22	4.77
Operating Profit before Allowance for Doubtful Accounts	132.09	191.47	143.21	-31.01
Bad Debt, Doubtful Accounts and Loss on Impairment	42.38	71.22	24.58	-40.50
Net Profit	72.40	96.64	95.06	-25.08
Financial Ratio (percent)				
Net Interest Income to Total Assets	2.82	2.92	2.39	
Loans to Deposits	77.82	86.96	94.77	
Non-Performing Loans to Total Loans	23.11	6.44	3.85	
Capital Adequacy Ratio	17.73	17.57	21.58	
Return on Assets	0.79	1.19	1.68	

Remark : Capital Adequacy Ratio in 2017 has been changed from Basel I to Basel III since July 1,2017.

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 2017, operating income amounted to THB 297 million, which mainly came from net interest income accounting for 84 percent of total operating income. Non-interest income was equivalent to 16 percent of total operating income.

Operating expenses for 2017 were THB 165 million or 56 percent of total operating income. Other operating expenses consisted of employee expenses, directors’ remuneration, premises and equipment expenses, and taxes and duties etc.

The Company reported a net profit of THB 72 million in 2017 decreased by Baht 24 million or 25% decline from the previous year.

At the end of 2017, the Company’s total assets were THB 8,915 million, mostly from loans to customers and net accrued interest receivables, intercompany and money market items and net investments totally accounting for 98 percent of total assets.

At the end of 2017, the Company’s total liabilities were THB 7,632 million, mostly from deposits and intercompany and money market items, which accounted for 99 percent of total liabilities.

At the end of 2017, the Company’s equity was THB 1,283 million. The continuous increase was due to higher retained earnings from operating results in each year despite the fact that the 2015-2017 dividend was paid at THB 21 million, THB 57 million, and THB 57 million, respectively.

As for capital fund, at 2017 year-end, Capital adequacy ratio stood at 17.73 percent, higher than the minimum of 8.50 percent as specified by the Bank of Thailand (BOT). Capital Adequacy Ratio on 2017 has been changed from Basel I to Basel III since July 1, 2017.

Board of Directors





Board of Directors

Mr. Cherdpong Siriwit

Independent Director
Chairman of the Board



Mrs. Daranee Huachai

Director
Chief Executive Officer



Mr. Thanya Rojpaibool

Independent Director
Chairman of the Audit Committee



Board of Directors

Dr. Tanasak Wahawisan

Independent Director
Member of the Audit Committee



Mr. Somnuk Chaidejsuriya

Independent Director
Chairman of the Nomination and
Compensation Committee



Ms. Chularat Suteethorn

Independent Director
Member of the Audit Committee
Member of the Nomination and
Compensation Committee



Board of Directors

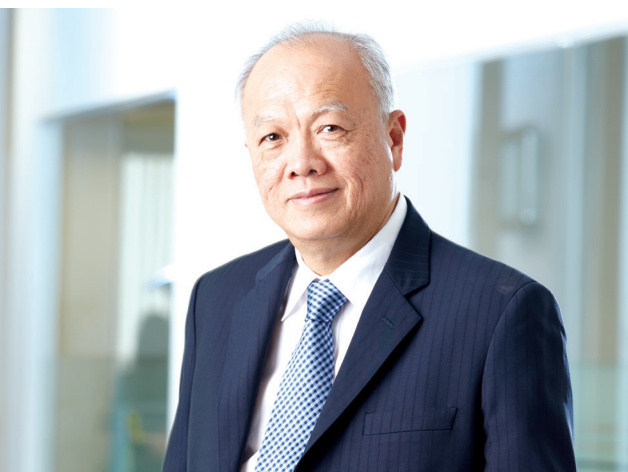
Ms. Kantima Pornsriniyom

Director
Member of the Nomination and
Compensation Committee



Mr. Tan Ley Yen

Director



Mr. Vaysaruch Tunsiri

Director



Board of Directors

Mrs. Aura-orn Akrasanee

Director



Mr. Varut Bulakul

Director



Management Group



From left to right

1. **Mrs. Chalobol Thareesarn**
Compliance Department
2. **Mr. Visarut Kornraweekul**
Information Technology Department
3. **Dr. Sunetra Saengratanagul**
Internal Audit Department



From left to right

1. **Mrs. Voraporn Turongsomboon**
Operations Department
2. **Mr. Nirun Chamroonrat**
Structured Finance Department
3. **Ms. Nopawan Kertsiri**
Financial Accounting Department

Management Group

From left to right

1. **Mrs. Patnaree Nititattammathorn**
Human Resources Department
2. **Ms. Muntana Youngsamas**
Debt Restructuring & Litigation Department
3. **Mr. Apiyut Jarupriwan**
Credit Monitoring Department



From left to right

1. **Mrs. Niramol Klinpongs**
Funding 1 Department
2. **Mr. Vichupong Klongwathanakith**
Risk Management & Planning Department
3. **Ms. Ladda Somjit**
Funding 2 Department



Management Group



From left to right

1. **Mrs. Vilasinee Dhepchalerm**
Corporate Lending 2 Department
2. **Mr. Chawanat Ajcharyavanich**
Corporate Lending 1 Department
3. **Mrs. Thitiya Jiarasuksiri**
Credit Risk Management Department
4. **Mrs. Atikarn Hiranyapraphip**
Retail Lending Department



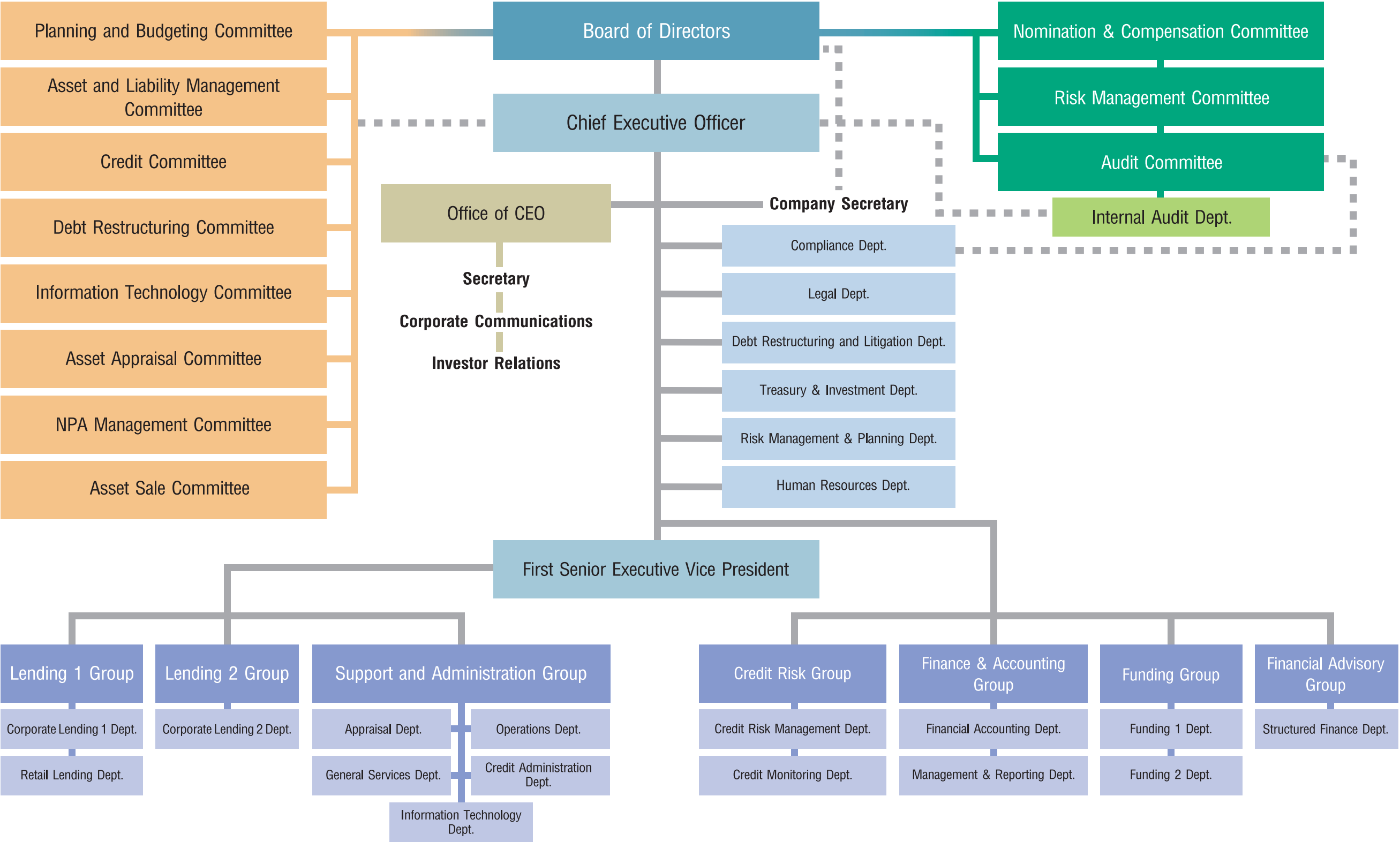
From left to right

1. **Mr. Piya Chanakanont**
Appraisal Department
2. **Ms. Sumalee Pratherngsuksri**
Credit Administration Department
3. **Mrs. Jirapa Chalardkitsirikul**
General Services Department

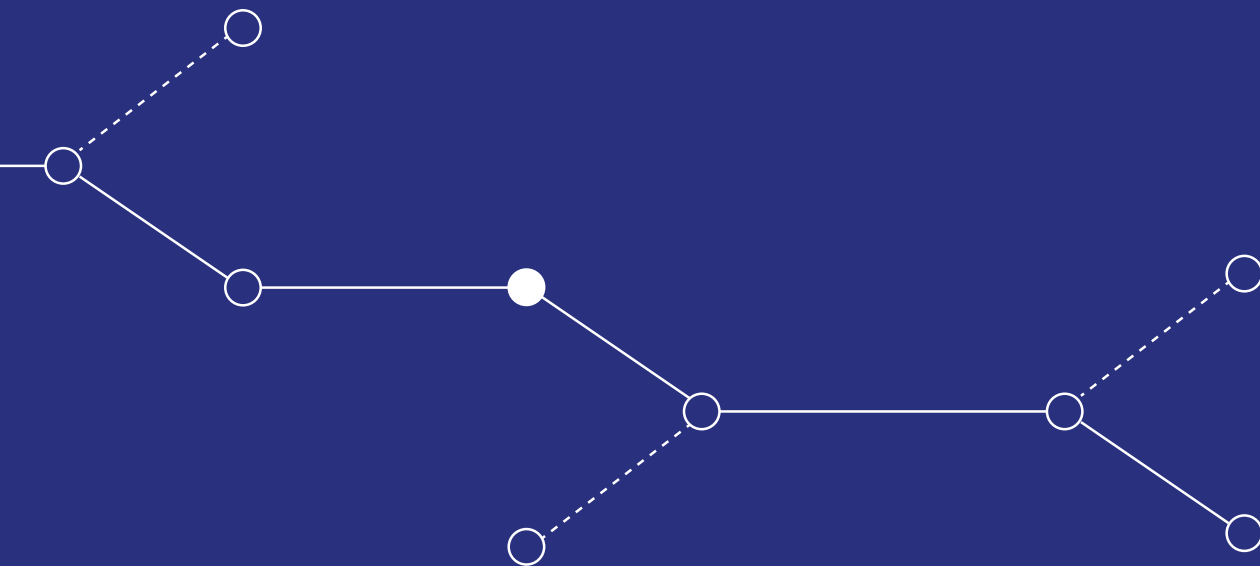
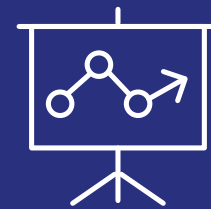
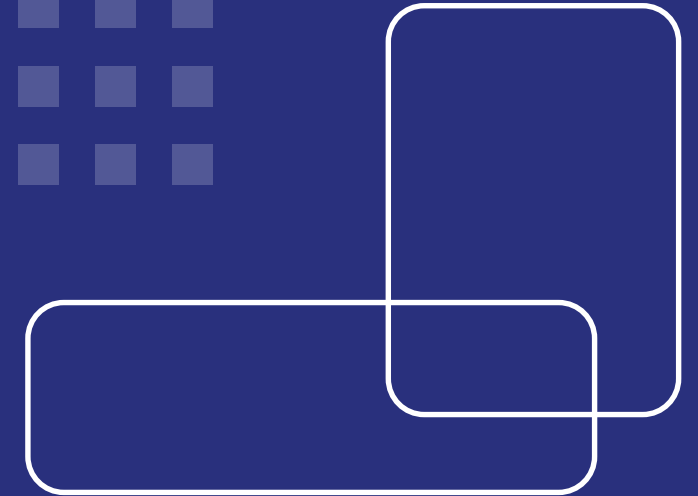
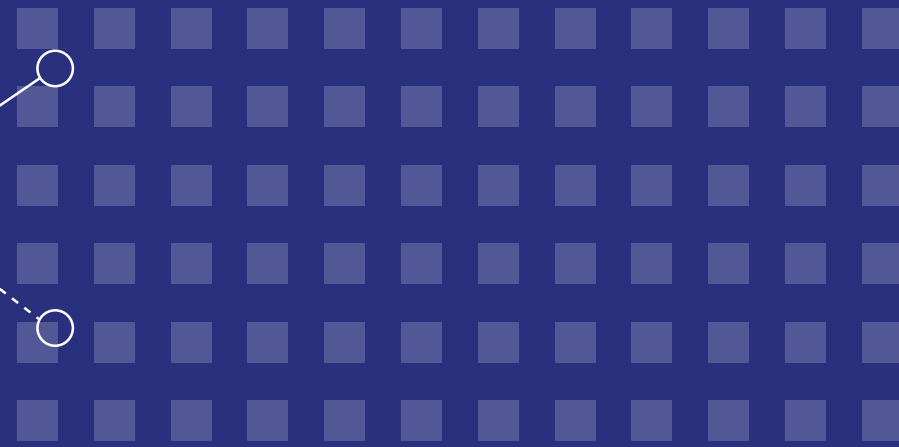
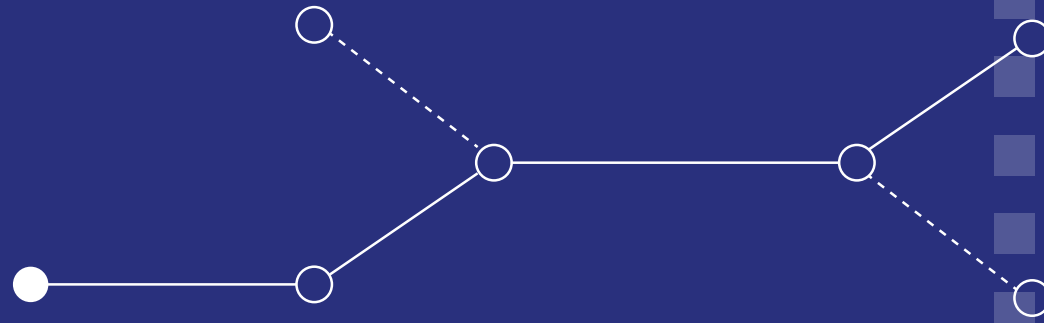
Organization Chart - Advance Finance Public Co., Ltd.

(Approved from Board of Directors Meeting No.4/2560 Dated 30th August 2017)

Effective from 2nd October 2017



Organization Chart



Innovation for Sustainable Services



Nature of Business

The Company operates a finance business under the Financial Institutions Business Act B.E. 2551, providing financial services as follows :

Lending Business

includes the following

Real Estate Lending

Loans to real estate developers of every scale and location. Developers will have access to fund required to ensure continued project development without interruption. In addition to providing loans, the company can strengthen client's financial or business needs with strategic / financial partners

Commercial/Industrial Lending

Loan to support business operators in general in order for them to invest in their enterprises, to acquire assets or to meet their working capital requirements

Service Business Lending

Loan to support all types of service business operators in order for them to utilize the same to make investment, to acquire assets, or to use as working capital

Housing Loan

Loan to support home purchase covering many choices of residences, in every housing project, either brand-new or pre-owned home

Secured Personal Loan

Personal loans to meet personal consumption requirement or to enhance personal financial liquidity during emergency





Financial Advisory Business

Financial Advisory Group contributes an integral business for the company as we are offering uniquely tailored financial services to cover larger client-based and varied financial demands.

Our work is to provide business, financial, and investment consultant for leading organizations in public and private sector, both domestic and international market. Operating under Bank of Thailand's Full Finance License and Ministry of Finance's Advisory License in financial sector, we originate a financial solution with emphasis on practical execution to strengthen financial position dependent of transactional objective or client's demand.

Normally our services involve 4 main functions whereas most clients regard as follows;

1. Fund Raising Services
2. Structured Finance Services
3. Corporate Financial Advisory Services
4. Alternative Finance Services

1. Fund Raising Services

As we have a competitive advantage in profound understanding in debt market, this fundamental enhance us to precisely structure and arrange debt financing for clients who require an experience to help them getting through such obligation appropriately. Furthermore, our varied and extensive network of business alliances ranging from financial institutions, mutual funds, private and institutional investors both domestic and overseas allows us to offer suitable products matching fund for each investor.

Fund raising services covers several aspects as follows;

- Project Financing
- Refinancing
- Distressed Financing
- Bridging Loan
- Mezzanine Loan
- Equity Financing

2. Structured Finance Services

As business opportunities are always presented, we remain responsive in advising our clients to manage a right strategy and accomplish best financial return for each objective smoothly. Financial structure and tangible execution process, which might require legal and other specialists, are within our scope to insource and implement until closing. Here are the types of structured finance we are keen to assist;

- Debt Restructuring and Debt Rehabilitation Plan
- Merger and Acquisition
- Equity Investment / Divestment, Share Liquidation, or Asset outright sales
- Set-up regulated vehicle such as Real Estate Investment Trust (REIT), Infrastructure Fund (IFF), Private Equity Trust (PE Trust), Asset-Backed Securities (ABS) and etc.
- Other possible exit structure

3. Corporate Financial Advisory Services

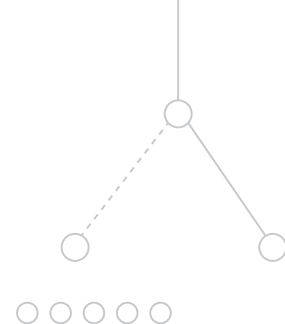
Corporate financial advisory delivers multitude of insightful advisory service within boundary of financial realm to organizations and clients that lack of financial characteristic. Core value of services is to convey through professional guidance in regards to effectively managing capital leverage and liquidity purpose for client's sustainable growth.

4. Alternative Finance Services

Apart from specific services, we facilitate other financial service upon each assignment including but not limited to project feasibility study, business valuation, financial analysis and etc.

Our Value of Financial Advisory Business : "Your Success is Our Profession"

- Tailored structure financial solutions pursuant to clients' need
- Flexible and efficient in delivering executable results
- Full coverage in all transaction aspects (finance, legal, regulation, accounting) preparing for client's consideration
- Strategic alliances with various sources of fund and investors
- Private and strictly confidential in transaction and information





Funding Business

The company offers deposit service to a wide range of customer type i.e. individuals, Juristic Persons, Government Agencies, Education Institution, Temple, Non-Profit Organization, Financial Institution, Fund or Cooperatives in form of Certificate of Deposit : CD. We also provide the various options of interest rate, maturity and interest receiving term to meet the requirements of customers such as the minimum deposit amount is Baht 10,000 with various tenor started from 1 day, 7 days, 14 days, 21 days, 1 month, 2 months, 3 months, 6 months, 12 months, 24 months and 36 months together with a choice of interest receiving term like annually, semi-annually, quarterly, or monthly. With all these conditions, our customers will be able to manage their deposit for the right choice of their saving needs.

Aside from receiving of interest higher than usual fixed deposit and being serviced by experienced team who prompt to service, our depositors shall be protected of their principal and interest payment following the conditions and amount as specified in Deposit Protection Agency Act 2008 and Virtue of the Royal Decree on coverage of insured deposits 2016.

General Information

Company Information

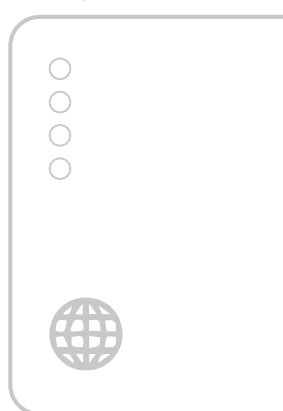
Company Name	Advance Finance Public Company Limited
Registration No.	0107547000541
Type of Business	Finance Business
Main Office	40th Floor, CRC Tower, All Seasons Place, 87/2 Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 0 2626 2300 Fax: 0 2626 2301 Website: http://www.advancefin.com

Company Shares

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

References

Auditor	Miss Pantip Gulsantithamrong Certified Public Accountant Registration No. 4208 KPMG Phoomchai Audit Ltd. 50th – 51st Floor, Empire Tower, 1 South Sathorn Road, Yanawa, Sathorn, Bangkok 10120 Tel: 0 2677 2000
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 shareholder structure as of December 31, 2017

No	Name of Shareholders	No. of shares	Percent of Total No. of shareholder
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	ThamLuang Company Limited	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	2017	2016	+ / (-)
1	Mr. Cherdpong Siriwit	-	-	-
2	Mrs. Daranee Huachai	50,000,000	50,000,000	-
3	Mr. Thanya Rojpaibool	-	-	-
4	Mr. Somnuk Chaidejsuriya	-	-	-
5	Dr. Tanasak Wahawisan	-	-	-
6	Miss Chularat Suteethorn	-	-	-
7	Mr. Tan Ley Yen	-	-	-
8	Mr. Vaysaruch Tunsiri	-	-	-
9	Mrs. Aura-orn Akrasanee	-	-	-
10	Mr. Varut Bulakul	-	-	-
11	Miss Kantima Pornsriniyom	100,000,000	100,000,000	-

Director Remunerations

No.	Directors' Name	Position	2017	2016
1	Mr. Cherdpong Siriwit*	Independent Director, and Chairman of the Board of Directors	780,000	780,000
2	Mrs. Daranee Huachai	Executive Director	-	-
3	Mr. Thanya Rojpaibool*	Independent Director, and Chairman of the Audit Committee	710,000	707,500
4	Mr. Somnuk Chaidejsuriya	Independent Director, and Chairman of the Nomination and Compensation Committee	365,000	268,750
5	Dr. Tanasak Wahawisan	Independent Director, and Member of the Audit Committee	385,000	368,758
6	Miss Chularat Suteethorn	Independent Director, Member of the Audit Committee, and Member of the Nomination and Compensation Committee	455,000	323,750
7	Mr. Tan Hai Leng Eugene* **	Director	137,500	191,250
8	Mr. Vaysaruch Tunsiri*	Executive Director	-	-
9	Mrs. Aura-orn Akrasanee	Executive Director	-	-
10	Mr. Varut Bulakul	Director	215,000	163,750
11	Miss Kanthima Pornsriyom	Director, and Member of the Nomination and Compensation Committee	305,000	256,250
12	Mr. Tan Ley Yen**	Director	47,500	-

* Mr. Cherdpong Siriwit Mr. Thanya Rojpaibool Mr. Tan Hai Leng Eugene and Mr. Vaysaruch Tunsiri retired by rotation and were appointed as the Company's directors on March 29, 2017

** Mr. Tan Ley Yen was appointed as the Company's director on November 15, 2017. Mr. Tan Hai Leng Eugene resigned from the Company's director on November 15, 2017.

The Company pays the directors remuneration in cash only. In 2017, the annual cash remuneration (average monthly payment) and attendance fees for eight directors amounted to THB 3,400,000 compared to THB 3,060,008 in 2016. 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
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Business Type	Asset Management
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Main Office	1768 Thai Summit Building, 24th Floor, Newpetchburi Road, Bangkok, Huaykhwang, Bangkok, 10310
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Registered Capital	100,000,000 Baht
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Divided into	1,000,000 Shares; Par value: 100 Baht
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Paid-Up Capital	55,000,000 Baht
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Report on Corporate Governance

Corporate Governance Policy

The Company's business operation 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 right 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, director's appointment or withdrawal, an auditor's appointment, approval of important transaction 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 right 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 matter clearly indicated for acknowledgement, approval or consideration as well as reasons or opinions of 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 of the Company's website for shareholder's 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 the 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 result 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 Right 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 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 right 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 of suggestion handing 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 any client has complaints, please contact the Compliance Department at Tel. 0 2626 2359 or Email : 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 and 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, parthers can contact the Compliance Department at the Tel. 0 2626 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 and orders of state agencies, provide support and participate in state practices 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.

Meeting of the Board of Directors

The Board of Directors' meetings shall be fixed in advance and held regularly. 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, related management team is invited to the meeting to explain proposed matters for consideration and give an opportunity for the Board of Directors to discuss or express opinions and make inquiries about key issues.

In 2017, the Board of Directors' meetings were held as shown in the below table:

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

* Mr. Cherdpong Siriwit Mr. Thanya Rojpaibool Mr. Tan Hai Leng Eugene and Mr. Vaysaruch Tunsiri retired by rotation and were appointed as the Company's directors on March 29, 2017

** Mr. Tan Ley Yen was appointed as the Company's director on November 15, 2017. Mr. Tan Hai Leng Eugene resigned from the Company's director on November 15, 2017.



Board Self Assessment

According to the Company's Good Corporate Governance Policy, the Board of Directors and committee members should assess their performance once a year in order to review their own performances, issues and difficulties in the prior year and to increase work efficiency.

The Company has therefore initially conducted the assessment as a whole as well as on an individual basis in 2017 using a 5-point scale: 5 = Strongly agree or excellently conducted, 4 = Agree or well conducted, 3 = Fair or moderately conducted, 2 = Disagree or seldom conducted, 1 = Strongly disagree or never conducted.

With respect to the assessment process, a secretary to the Board submitted the Self Assessment Form to all board members to evaluate and return it to the secretary within a specified period. The result was provided along with some recommendations (if any) for the Board's acknowledgement. As part of performance evaluation of the Chief Executive Officer (CEO), the completed self evaluation of the CEO was concurred by the Nomination and Compensation Committee before proposing for the Board Chairman's consideration and approval.

The self assessment result for the Board as a whole and on an individual basis in 2017

Self Assessment Type	Assessment Criteria	Average Score	
Self Assessment for the Board as a whole	1) Board structure and qualifications	Level 5	4.34 out of 5.00
	2) Board meetings		
	3) Roles/duties/responsibilities of the Board		
	4) Relationship with management and Directors' self development and executives		
Individual Self Assessment	1) Structure and qualifications of the Board	Level 5	4.76 out of 5.00
	2) Meetings of the Board		
	3) Roles/duties/responsibilities of the Board		

Committees' Self Assessment

The Company's committees appointed by the Board consists of 1) Audit Committee and 2) Nomination and Compensation Committee, which are required to evaluate their performances and submit the report to the Board annually. In 2017, the assessment for such committees as a whole as well as on an individual basis was completed, whereas the results were already reported to the Board.



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

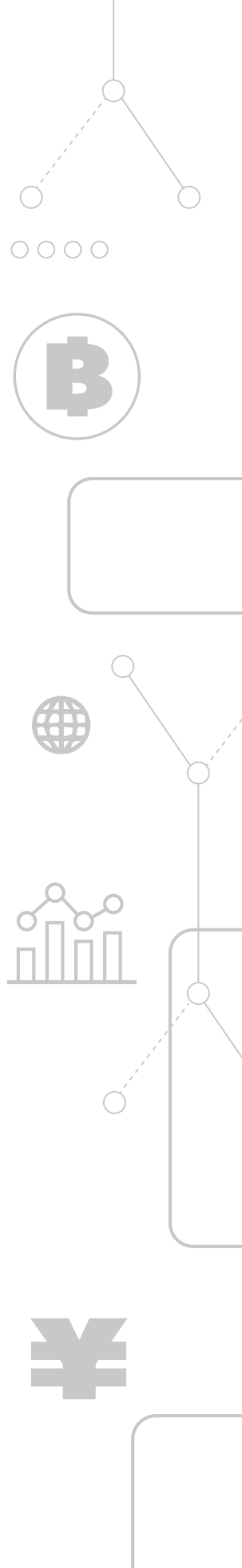
In order to manage risks at an appropriate level and in line with good governance, other sub-committees, e.g. the Assets and Liabilities Management Committee, the Credit Committee, the Debt Restructuring Committee and the Operational Risk Working Group have been formed to be responsible for each specific 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, Credit risk management group for screening and monitoring credit, 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 to comply with the Company's liquidity risk management policy.

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:

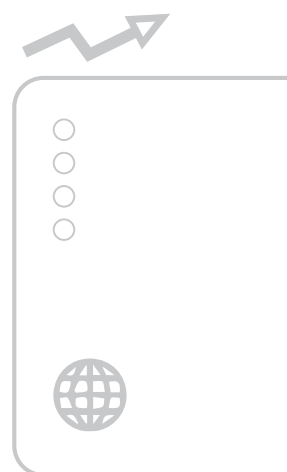
- Efficiency of the internal control system includes structures and environment that facilitate adequate and efficient internal control e.g. the organization structure, delegation of power, auditing, including standard operating procedures
- Efficiency of human resources refers to quality, qualification 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 act on behalf of the Company, 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 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 consists of three non-executive directors appointed by the Board of Directors, with Mr. Somnuk Chaidejsuriya as the Chairman, Miss Chularat Suteethorn and Miss Kantima Pornsriniyom as the Members.

In 2017, the Nomination and Compensation Committee performed its duties and responsibilities as assigned by the Board of Directors and as defined in the charter of the Nomination and Compensation Committee. Two meetings were held for this year, with the following details:

- Set the criteria for director nomination in accordance with the Bank of Thailand's Notification.
- Considered the remuneration for the Board of Directors, the Audit Committee and the Nomination and Compensation Committee to be proposed for the Annual General Shareholders Meeting's approval. The directors' duties and responsibilities, the Company's overall performance and a comparison with a company that operates business in the same sector are taken into consideration in determining the remuneration.
- Concurred the draft Nomination and Compensation Committee Charter proposed for the Board of Directors' approval.
- Appointed a new director replacing the resigned director and those who retired by rotation.
- Prepared a Board Skill Matrix setting out the mix of skills, expertise, experience and diversity that the Board currently has or is looking to achieve in its membership.
- Prepared the Nomination and Compensation Committee Self Assessment in accordance with the good corporate governance policy of the Company.

The Nomination and Compensation Committee has performed assigned 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 for 2017

The Audit Committee (“the Committee”) of Advance Finance Public Company Limited (“the Company”) appointed by the Annual General Meeting of Shareholders comprises three independent directors: Mr. Thanya Rojpaibool as Chairman of the Committee, Dr. Tanasak Wahawisan and Miss Chularat Suteethorn as the Members of the Committee. Dr. Sunetra Saengratanagul, Executive Vice President of the Internal Audit Department as the Secretary of the Committee.

In the year 2016, the Committee held five meetings. All members of the Committee presented at each meeting to consider related matters with the management team, auditors, and internal auditors. Moreover, the Committee held one exclusive meeting with the auditors without the management team.

In line with the Company’s Audit Committee Charter, the Committee performed duties by reviewing the Company’s financial reports and related disclosures as audited and reported by the Certified Public Accountant. Issues found from the auditing were also discussed to ascertain that the financial reports were prepared accurately, in all material respects, in accordance with financial reporting standards, whereas information disclosure was adequate and proper.

The Committee reviewed the adequacy of internal control assessment and internal audit results, to ensure that the Company has achieved the appropriate and effective internal control system. In order to promote the independence, the Committee approved the annual audit plan and annual performance appraisal of the Internal Audit Department Head and concurred the annual compliance plan and annual performance appraisal of the Compliance Department Head.

The Committee reviewed and supervised the Company’s operation in compliance with the Company’s procedures, laws and regulations governing the financial institution business as well as the good corporate governance principle. Furthermore, important risk aspects and connected transactions were reviewed.

As part of its duties, the Committee elected the auditor from KPMG Phoomchai Audit Ltd. to be proposed for the Board’s concurrence and the Shareholders’ approval as the Company’s auditor for the year 2018. The selection was based on the scope, guideline and annual audit plan, independence, past performance, experiences including the proposed audit fee compared to organizations with similar types and sizes of business.

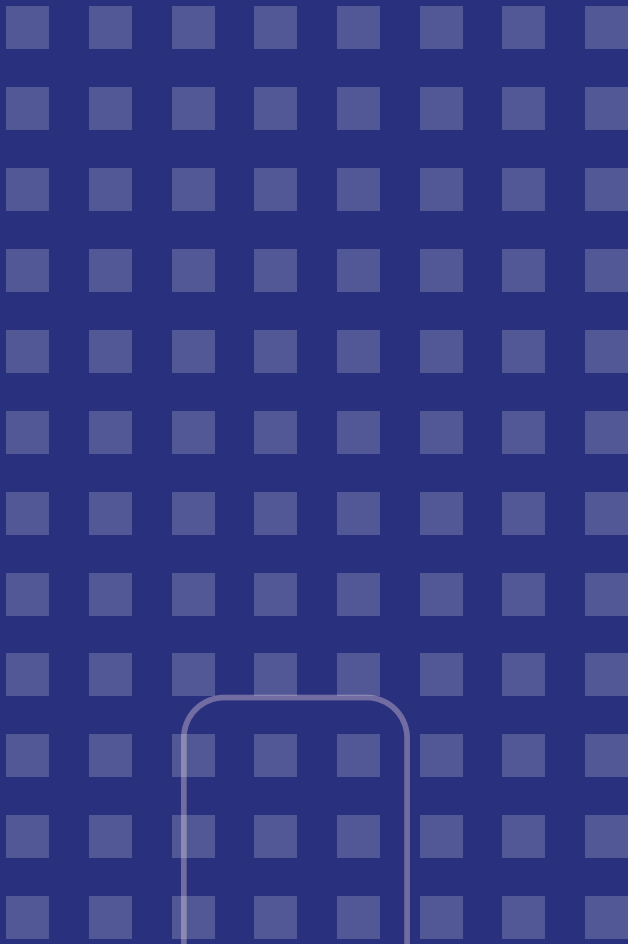
In summary, in 2017, the Committee performed duties and responsibilities as specified in the Audit Committee’s Charter, with adequate knowledge, capabilities, carefulness and independence. The Committee also expressed opinions and rendered constructive recommendations. Moreover, issues found and reported by the internal auditor, the external auditor, and the Bank of Thailand, were followed and reported to the Board of Directors, especially significant matters, for the benefit of the Company, Shareholders and Stakeholders.

Hence, we are of the opinion that the Company has sufficient and proper internal control system. No shortcomings of significance which could affect the Company’s financial reports and no performances in non-compliance with regulatory rules were found.

On behalf of the Audit Committee



(Mr. Thanya Rojpaibool)
Chairman of the Audit Committee
February 2018



Innovation inspired by Nature & Environment



Development of “Happiness for the Community” Year II, 2017

Advance Finance Public Company Limited has seen the importance of sustainable community and makes our objective to lean a hand to help the community become self-reliant since 2016 to present by introducing organic farming to local farmers and apply the key philosophy of “Sufficiency Economy” of his Majesty King Rama IX.

In 2016, we started to purchase 3 species of organic rice: Raspberry rice, Sinlek rice and Jasmine rice. For the past three years, we purchased approximately 3,000 kilograms of rice annually from local organic farmers in Chainat to support and also contribute a part of an initial investment to help build rice packaging factory according to the model set to lift the standard of organic rice from 4 stars OTOP to 5 stars OTOP.

In 2017, we continued to be a proud supporter of sustainable community development by CSR project for 2 years in a row. CSR project continues to focus on improving the quality of life and the well-being of people in the community.

The development of “organic rice field” by organic farmers group in Chainat that the Company has been a proud supporter since 2016 has been able to expand its product and developed into higher standard and elevated as an example of a community in the sector of organic farming. Mr. Preedathapan Junruang, Chairman of the group, was honored as a Young Smart Farmer of Chainat province in 2017.



Jaruayporn Kerdsem
Chairman of Housewife Group
‘Water Hyacinth Banana
Craft Center’



Preedathapan Junruang
Chairman of Organic
Rice Farming,
Chainat Province



We feel honored and very pride in our heart as a company to be a part of this successful movement of the sustainable community. The sufficiency organic agriculture has widely spread to various communities in Chainat. Our goal is to keep helping farmers built self-reliant community by teaching local communities the importance of sustainable community, strengthen the community and lend a hand to help improve the quality of existing products. In the recent year, we entered into the housewife group of “Water Hyacinth Banana Craft Center” in Amphur Sapphaya, Chainat Province. This count as a continuous successes development of sharing happiness to local the community that we delivered with pride to you as a joy of making our world a better place on this special occasion.



“We are proud to have the opportunity to support the community, especially the community that has adopted the “Our beloved father – King Rama IX philosophy” approach as a guideline for creating sufficient sustainability community. Today, we can extend our effort to support another community. In order, sustain our development of sufficient sustainability community. We have achieved our goal once again ... “

Daranee Huachai
Chief Executive Officer



