

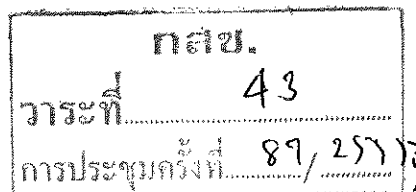
From: Supply Chain Solution

To: Credit Committee

Date: November 12th 2012

Re: Auto Dealers – Buyer Financing Program for Mitsubishi

Attachment: 1) GSB MOU and Legal comments for using GSB with Buyer Financing Program



krungsri
กรุงศรี

1. Background

Buyer financing program is one of supply chain solutions which the program offers O/D facility to a buyer of sponsors. The facility is controlled to pay sponsor via electronic platform, no cheque book is allowed. The facility is 100% covered and secured by TCG's guarantee. Current Buyer Financing Program's sponsors include SCCC, LG, and PTT., Credit committee has approved Buyer Financing Program to use GSB and TCG flood program .

Reference

Resolution of credit committee approval No 79/2012 dated 15 October : Buyer (Auto dealer) financing program for Toyota , Honda and Isuzu

2. Purpose of the request

- To approve Buyer Financing Program for Auto Dealers of Mitsubishi
- To approve DOA of Buyer Financing Program for Auto Dealers of Mitsubishi

3. Proposal and Rationale

- The proposal is to provide auto dealers of Mitsubishi to use Buyer Financing Program with GSB and TCG flood program. The auto dealers were impacted directly and indirectly as Mitsubishi could not deliver vehicles to them during flood.
- The program will be co-worked with Krungsri Auto to maximize the Krungsri Group business. Since Krungsri Auto already give floor plan lending to these customers and have bar code inventory checking . They will check inventory for us.

4. Detail of Program : (same condition as Toyota Honda , Isuzu) except no 4.2 inventory control

4.1 Facility and limit

Type : Overdraft (OD)

Maximum Limit : THB 30 M per customer (limit will be related to the amount of montly Hure purchase volume with Krungsri Auto)



GSB MOU and Legal comments for
using GSB with Buyer Financing Pool

มติที่ประชุมคณะกรรมการพิจารณาสินเชื่อ
ครั้งที่ 87, 2555
06/10/55 (เสก)

12 NOV 2012

Date of Meeting.....

Committee	Signature	
	Approved	Rejected
1.CRO	<i>[Signature]</i>	
2.HCOB	<i>[Signature]</i>	
3.HSME		
4.Mr.Nutvan	<i>[Signature]</i>	
5.Miss Maleewan	<i>[Signature]</i>	

Comments:

เริ่ม ... ๑๐.๐๐ น. (๑๐.๐๐ น.)
เพื่อไปดำเนินการตามมติที่ประชุม

[Signature]
(นายสมศักดิ์ จันทนา)
ประธาน
คณะกรรมการพิจารณาสินเชื่อ

in 501 file

3894

- **Set up limit :**

The first-time set up limit (to be applied till June 2013) shall be equal to two-times of the maximum between average monthly volume financing by Krungsri Auto during a) whole year 2012 OR b) 2 times of average of the latest 3 months.

Readjust set up limit every quarter , the limit will be reset to be equal to the average monthly volume with Krungsri Auto in the last quarter.

- **Committed line** : for each dealer is calculated based on the minimum between:

- a) 50% of monthly sales of auto dealers (average monthly sales of 2012 based on the company's Por Por 30 OR
- b) Business plan of Hire purchase volume co-set between each dealer and Krungsri Auto

- **Year 6 limit reduction:** Reduce line 50% of limit on March 2019 and June 2019. (If customer cannot, we still have to present case to court in order to have the right to claim TCG.)

4.2 **Inventory Control** : Inventory control as per the process set by Krungsri Auto.(Agreed by SME product and SME Risk)

4.3 **Collateral**

4.3.1 **TCG (SBCG)**: TCG Flood Program is required for all customers participating in this program. Loss coverage of TCG Flood Program is 30% and guarantees up to 7 years.

- a) Customer can cancel line after year 3 without prepayment fee.
- b) Customer have to sign agreement allow Bank to deduct annual TCG fee from their O/D Account.

4.3.2 **Personal Guarantor** : Owner or director or share holder at least 1 person (not more than 2 persons). This is subjected to CM discretion –to pick the guarantor / guarantors.

4.4 **Interest Rate:** 1st – 3rd Year : 3%
 4th Year onward : MOR

Fee:

Management Fee	: Up to 1.0% per annum
TCG (SBCG) Fee	: Exempted for first 3 years (till Dec 2015), thereafter at 1.75% p.a.
Front-End Fee ,	: None
Cancellation Fee	: None
Prepayment Penalty Fee	: None
Service Fee	: None

4.5 Auto Dealer Selection Criteria

Risk Acceptance Parameters:

A. Financial Criteria:	
A1. Mandatory	<ul style="list-style-type: none"> - Positive Network - Profit 2 in the latest 3 years
A2. Pass 3 out of the following:	<ul style="list-style-type: none"> a) D/E < 5:1 b) Interest Coverage Ratio >= 1x c) Current ratio >=1x d) Years in business >= 10 years e) Sales >= 300 million baht
B. Credit Criteria (as per Normal Buyer Financing program)	<ul style="list-style-type: none"> a) Not in blacklist (applicable to the juristic entity and the owners) b) Not in negative list / Blacklist c) Pass bankruptcy check, legal and fraud check: <ul style="list-style-type: none"> - Not have an account status 020, 030, 031, 032, 033, 040 - Never SM in the last 12 months - Max 2 times SM in the last 24 months - Never NPL in last 24 months - No OD over limit for > 30 days consecutively - No claims against LG / LC / AVAL's - Credit Rating not worse than rating 6 d) Not in banks watch list e) Not existing TDR with BAY f) Personal Guarantee of the owner or collateral if MNC
C. Additional Parameters for TCG (SBCG):	<ul style="list-style-type: none"> - Individual or Juristic person with Thai nationality - Fixed asset (excluding land) not over 200 MB

4.6 Credit Application: Short form, same as Buyer Financing Program up to 30 mb

4.7 Monitoring and Trigger

A. Monitoring

- The report of hire purchase volume of each dealer provided by Krungsri Auto on monthly basis To: CM, Supply Chain Sales
- OD movement report as per other Buyer Financing Program (Attachment)
- Inventory control : Inventory control as per the process set by Krungsri Auto. (Agreed by SME product and SME Risk)



B. Triggers:

Average quarterly hire purchase volume is less than 100% of OD limit (The period check is end of March, June, September, and December)

Action:

Supply Chain Sales contacts Krungsri Auto/Dealers to check possibility of maintaining future agreed hire purchase business volume by dealers

- in case actual average hire purchase volume is within 20% lower than OD limit, CM and Supply Chain sales will closely monitor and see the trend of business volume in next two following months. The limit reduction is subjected to CM discretion.

- in case actual average hire purchase volume is more than 20% lower than OD limit, the limit will be adjusted down correspondingly to the actual business volume by CM.

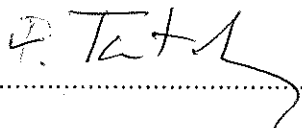
Note that the limit can be adjusted up/down to be in line with actual hire purchase volume with Krungsri Auto.

- 4.8 Delegation of Authority (DOA) : Is the same DOA to approve Buyer (Auto dealer) financing program for Toyota , Honda and Isuzu (Reference: Resolution of credit committee approval No 79/2012 dated 15 October 2012 .)

Your approval is highly appreciate

Proposed By:

Agreed by:



Phongsak Tantbiroj
SVP, Supply Chain Solutions



Yuke Sutarat
Executive Vice President
SME Credit Risk Division

Contact Person: Phongsak #3794



Transaction flow and Inventory control

