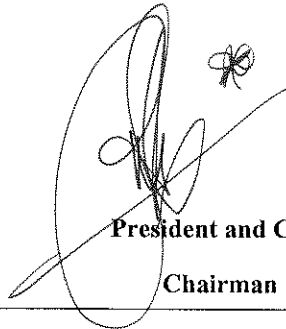
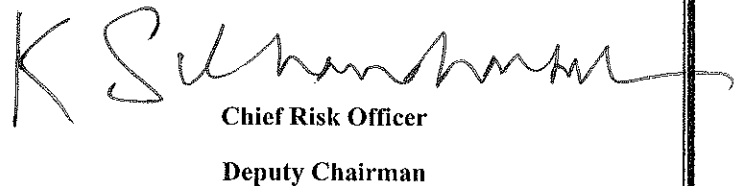
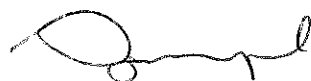
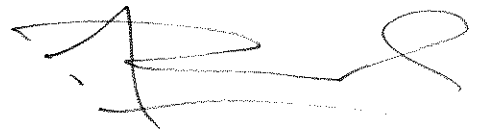
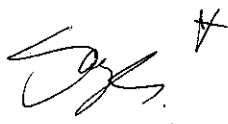
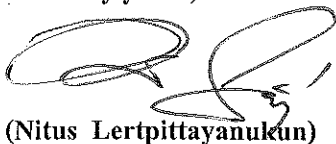


To VP (Khun Peerakit)

## Resolution of Risk Management Committee Meeting No. 7/2012 on July 16, 2012

Agenda 4.4 : Approval for Lending Program for SME-S Segment**Resolution :** ☒ Approved as proposed.☐ Under conditions:*Please also report out KEC SYSTEMS PROGRESS IN FORMCOMING RMC's.*  
President and CEO  
Chairman  
Chief Risk Officer  
Deputy Chairman  
Chief Financial Officer  
Member  
Head of Corporate Banking  
Member  
Head of SME Banking  
Member  
Head of E-Business  
Member  
Senior Management of the Compliance Division  
Member

Sincerely yours,

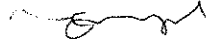

  
(Nitus Lertpittayanukun)

Secretary to the Risk Management Committee

+P/S namescan against RPT / AML D-gate also.

Ref: CP 60/2012

From: Credit Product Department

Via: 1. Khun Sayam Prasitsirigul, Head of SME Banking   
2. Khun Yuke Sutarat, Executive Vice President, SME Credit Risk Division 

To: Risk Management Committee

Subject: Approval for Lending Program for SME-S Segment

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**1. Background**

- Information in current credit application is narrative and unfocused.
- Key criteria are to be highlighted and adjusted to suit current customers' requirement, to stay competitive in the market, and to have proper risk control.

**2. Program Objectives**

- To implement SME-S Lending Program with standard criteria
- To simplify approval process and understanding of related parties
- To provide clear requirement in writing credit application
- To use and integrate TCG guarantee in SME-S Lending Program
- To be competitive in SME Market
- To increase credit volume and customer base to the Bank

**3. Purpose of the request**

- To approve Lending Program for SME-S segment by offering competitive credit package for qualified both existing and new customers.
- To approve new credit application for this program.
- To approve DOA for this program.

**4. Program highlight**

1. The program is offering TL, OD PN, TF, or LG for customer in SME S segment with limit request up to 20 MB requiring minimum collateral at 30%.
2. The program provides standard lending guideline for SME-S Segment.
3. The program provides standard approval criteria.
4. The program uses new CA Form which is the simplified, automated, and precise credit excel sheet.

## 5. Product Program Proposed

This program is offering TL, OD, PN, TF, or LG to existing and new customers. SME-S customers can request credit limit up to THB 20 MB under this product program. The program is designed to provide standard pricing, LTV and collateral types (Cash, Asset and TCG guarantee) as per below features:

No.	Items	Detail										
5.1	Loan Purpose	<ul style="list-style-type: none"><li>To support customers' working capital facilities</li><li>To support customers to expand business</li></ul>										
5.2	Facility type	<ul style="list-style-type: none"><li>Term Loan (TL)</li><li>Overdraft (OD)</li><li>Promissory Note (PN)</li><li>Trade Finance (TF): Pre Shipment and Post Shipment, and Foreign Exchange (FX)</li><li>Letter of Guarantee (LG)</li></ul> <p>Note:</p> <ul style="list-style-type: none"><li>OD – minimum 5% of LTV or THB 1 M (whichever is lower)</li><li>TL for working capital is allowed.</li><li>For TL acquiring new core asset, new core asset is to be used as collateral. If additional limit is required, TCG guarantee can be applied and subjected to Financial Criteria No. 6.2 d.</li><li>TF : objective to support working capital requirement</li><li>LG : consider the LG requirement with actual business</li></ul>										
5.3	Tenor	<table><tr><th>Facilities</th><th>Tenor</th></tr><tr><td>TL</td><td><ul style="list-style-type: none"><li>Secured by TCG guarantee: max tenor at 5 years</li><li>Secured by collateral: max tenor at 7 years</li></ul></td></tr><tr><td>PN</td><td><ul style="list-style-type: none"><li>90 days</li></ul></td></tr><tr><td>TF</td><td><ul style="list-style-type: none"><li>Subject to trade cycle</li><li>For TR facility max tenor at 120 days.</li></ul></td></tr><tr><td>Other</td><td><ul style="list-style-type: none"><li>Subject to annual review</li></ul></td></tr></table>	Facilities	Tenor	TL	<ul style="list-style-type: none"><li>Secured by TCG guarantee: max tenor at 5 years</li><li>Secured by collateral: max tenor at 7 years</li></ul>	PN	<ul style="list-style-type: none"><li>90 days</li></ul>	TF	<ul style="list-style-type: none"><li>Subject to trade cycle</li><li>For TR facility max tenor at 120 days.</li></ul>	Other	<ul style="list-style-type: none"><li>Subject to annual review</li></ul>
Facilities	Tenor											
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TF	<ul style="list-style-type: none"><li>Subject to trade cycle</li><li>For TR facility max tenor at 120 days.</li></ul>											
Other	<ul style="list-style-type: none"><li>Subject to annual review</li></ul>											
5.4	Max limit per group on this request	THB 20 Million  (including SME-R 3X Normal and Flood Program, SME Big Bag with TCG)										
5.5	Max exposure per group including this request	THB 30 Million  Note: <ul style="list-style-type: none"><li>Total exposure = Existing exposure + Limit on this request (5.4)</li><li>Total exposure includes SME-R</li><li>Total exposure excludes M-Loan, P-Loan and limit with 100% fully cash secured (currently as per Wor. 26/2555, 27/2555)</li></ul>										

No.	Items	Detail																																							
5.6	Accepted collateral types	<b><u>Accepted collateral types</u></b>																																							
		<b><u>Cash collateral:</u></b>																																							
		<ul style="list-style-type: none"><li>• Saving accounts only</li></ul>																																							
		Note: <ul style="list-style-type: none"><li>- Borrower must show proof/document, which value more than cash collateral and holding period more than 1 month.</li><li>- Example for proof/document: saving account, fixed deposit account, GSB's lottery, government bond, etc.</li></ul>																																							
		<b><u>Fixed Asset Collateral:</u></b>																																							
<table><thead><tr><th>Core Assets</th><th>Non-Core assets</th></tr></thead><tbody><tr><td><ul style="list-style-type: none"><li>• Residence of director (with director name on the house registration)</li><li>• Factory</li><li>• Office</li><li>• Shop</li><li>• Warehouse</li><li>• Outlet</li><li>• Other operating assets</li></ul></td><td><ul style="list-style-type: none"><li>• Vacant land</li><li>• Other land and building</li></ul></td></tr></tbody></table>		Core Assets	Non-Core assets	<ul style="list-style-type: none"><li>• Residence of director (with director name on the house registration)</li><li>• Factory</li><li>• Office</li><li>• Shop</li><li>• Warehouse</li><li>• Outlet</li><li>• Other operating assets</li></ul>	<ul style="list-style-type: none"><li>• Vacant land</li><li>• Other land and building</li></ul>																																				
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Note : <ul style="list-style-type: none"><li>1. Excess collateral value of Housing loan at BAY cannot apply to this program</li><li>2. For non-core assets, land shape and surrounding must be conventionally acceptable and subjected to CM's judgment, such as Paddy field in remote area or non-core assets located next to large waste field is example of less preferred assets.</li></ul>																																									
5.7	LTV and Max Limit	<table><thead><tr><th>Asset types</th><th>% LTV (Excl. TCG guarantee)</th><th>Max limit ( X times of collateral appraisal value)</th><th>Min collateral requirement (% of limit)</th></tr></thead><tbody><tr><td>Cash deposit</td><td>100%</td><td>3.33 X</td><td>30%</td></tr><tr><td>LTV1: Core Asset</td><td>85%</td><td>3.33 X</td><td>30%</td></tr><tr><td>LTV2 : Non-Core Asset</td><td></td><td></td><td></td></tr><tr><td>Located in CBD area</td><td>75%</td><td>2X</td><td>50%</td></tr><tr><td>Located in surrounding area</td><td>60%</td><td>2X</td><td>50%</td></tr><tr><td>LTV3: Vacant Land</td><td></td><td></td><td></td></tr><tr><td>Located in CBD area</td><td>60%</td><td>2X</td><td>50%</td></tr><tr><td>Located in surrounding area</td><td>50%</td><td>2X</td><td>50%</td></tr></tbody></table>	Asset types	% LTV (Excl. TCG guarantee)	Max limit ( X times of collateral appraisal value)	Min collateral requirement (% of limit)	Cash deposit	100%	3.33 X	30%	LTV1: Core Asset	85%	3.33 X	30%	LTV2 : Non-Core Asset				Located in CBD area	75%	2X	50%	Located in surrounding area	60%	2X	50%	LTV3: Vacant Land				Located in CBD area	60%	2X	50%	Located in surrounding area	50%	2X	50%			
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No.	Items	Detail
		<p>Note:</p> <ul style="list-style-type: none"> <li>- LTV calculation is based on appraisal value.</li> <li>- LTV calculation excludes: <ul style="list-style-type: none"> <li>o TCG guarantee portion</li> <li>o Cash which is pledged as collateral for TCG related programs i.e. 3X, 3X-Flood, Big Bag, etc.</li> <li>o Cash which is pledged as collateral for any fully cash secured credit limit.</li> </ul> </li> </ul> <p><u>Mortgage Condition:</u></p> <p>A . Existing client : New limit using existing collateral (no new collateral )</p> <p>A.1. Existing BAY collateral: have to be cross mortgage /pledge existing limit and cross to new BAY facility and new TCG facility.</p> <p>A.2. Increase mortgage value to the amount of limit increased but not more than appraisal value.</p> <p>B. Existing customer with existing collateral using new collateral.</p> <p>B.1. Mortgage value of new collateral is up to maximum of appraisal value or credit limit. New collateral is to be pledged to cover existing, new BAY, new TCG facility.</p> <p>B.2. Confirm existing mortgage agreement to cover existing, new BAY , New TCG facility.</p> <p>C. New customer with new collateral</p> <p>C.1. New collateral is cross mortgaged to TCG facility.</p> <ul style="list-style-type: none"> <li>- Example as in Appendix 1 (Example 1-3)</li> </ul>
5.8	TCG guarantee portion	<p>TCG guarantee portion covers 100% of unsecured portion on 5.7</p> <p>Note:</p> <ul style="list-style-type: none"> <li>- <math>TCG\ guarantee\ portion = 100\% * [Approved\ limit - (collateral\ value * \%LTV)]</math></li> <li>- Example as in Appendix 1 (Example 1-3)</li> </ul>

No.	Items	Detail						
5.9	Accepted collateral owner	<table><tr><th>Borrower</th><th>Collateral owned by</th></tr><tr><td>Individual</td><td><ul style="list-style-type: none"><li>Borrower</li><li>Borrower's spouse</li><li>Borrower's direct relative <sup>(1)</sup></li></ul></td></tr><tr><td>Juristic Person</td><td><ul style="list-style-type: none"><li>Juristic person</li><li>Director</li><li>Director's spouse</li><li>Director's direct relative <sup>(1)</sup></li><li>Shareholder <sup>(2)</sup></li><li>Shareholder <sup>(2)</sup>'s spouse</li><li>Shareholder <sup>(2)</sup>'s direct relative</li></ul></td></tr></table> <p>Note:</p> <p>(1) Direct relative includes father, mother, brother/sister, and son/daughter.</p> <p>(2) With shareholding &gt;= 20%</p>	Borrower	Collateral owned by	Individual	<ul style="list-style-type: none"><li>Borrower</li><li>Borrower's spouse</li><li>Borrower's direct relative <sup>(1)</sup></li></ul>	Juristic Person	<ul style="list-style-type: none"><li>Juristic person</li><li>Director</li><li>Director's spouse</li><li>Director's direct relative <sup>(1)</sup></li><li>Shareholder <sup>(2)</sup></li><li>Shareholder <sup>(2)</sup>'s spouse</li><li>Shareholder <sup>(2)</sup>'s direct relative</li></ul>
Borrower	Collateral owned by							
Individual	<ul style="list-style-type: none"><li>Borrower</li><li>Borrower's spouse</li><li>Borrower's direct relative <sup>(1)</sup></li></ul>							
Juristic Person	<ul style="list-style-type: none"><li>Juristic person</li><li>Director</li><li>Director's spouse</li><li>Director's direct relative <sup>(1)</sup></li><li>Shareholder <sup>(2)</sup></li><li>Shareholder <sup>(2)</sup>'s spouse</li><li>Shareholder <sup>(2)</sup>'s direct relative</li></ul>							
5.10	Guarantor	<table><tr><th>Borrower</th><th>Required guarantor</th></tr><tr><td>Individual</td><td><ul style="list-style-type: none"><li>Owner of collateral pledged for this request</li><li>Owner of main operating asset <sup>(1)</sup></li><li>Persons who their bank statement / financial statement are used to support income verification</li></ul></td></tr><tr><td>Juristic Person</td><td><ul style="list-style-type: none"><li>Owner of collateral pledged for this request</li><li>The owner of main operating asset <sup>(1)</sup></li><li>Persons who their bank statement / financial statement are used to support income verification.</li><li>All authorized persons with total share holding &gt;= 50% <sup>(2)</sup></li></ul></td></tr></table> <p>Note:</p> <p>(1) Regardless of whether the main operating asset is clean or being pledged with BAY or other banks.</p> <p>(2) If &lt; 50%, additional share holders are requested as guarantor to bring up total share holding &gt;= 50%.</p>	Borrower	Required guarantor	Individual	<ul style="list-style-type: none"><li>Owner of collateral pledged for this request</li><li>Owner of main operating asset <sup>(1)</sup></li><li>Persons who their bank statement / financial statement are used to support income verification</li></ul>	Juristic Person	<ul style="list-style-type: none"><li>Owner of collateral pledged for this request</li><li>The owner of main operating asset <sup>(1)</sup></li><li>Persons who their bank statement / financial statement are used to support income verification.</li><li>All authorized persons with total share holding &gt;= 50% <sup>(2)</sup></li></ul>
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5.11	Spouse's consent	Spouse's consents of the borrower and the guarantor (No. 5.10) are required						

No.	Items	Detail
5.12	Pricing	Price subjects to Pricing Subcommittee.

## 6. Underwriting guideline

- Borrower must pass ALL eligibility criteria which are: "Borrower Criteria" (No. 6.1 a-j) AND "Financial Criteria" (No. 6.2 a-e).
- Persons who their bank statement / financial statement are used to support income verification must pass criteria No. 6.1 f, g, and h and to offer as borrower as per 6.2 f.
- Spouse of borrower and guarantor must pass criteria No. 6.1 f.
- Those who are not fully comply with all eligibility criteria are subjected to RM mitigations and CM deviation.

### 6.1 Borrower criteria

	Item Considered	Criteria	
		Juristic Person	Individual
a.	BAY segment criteria	<p><b><u>Existing customer</u></b></p> <p><b>Existing SME-R</b></p> <ul style="list-style-type: none"> <li>• Borrower must be out of scope R</li> </ul> <p><b>Existing SME-S</b></p> <ul style="list-style-type: none"> <li>• Customer with total credit limits* including this request more than THB 12.0 Million.</li> </ul> <p><b><u>New customer</u></b></p> <p><b>Limit &lt;= THB 7.5 Million</b></p> <ul style="list-style-type: none"> <li>• Borrower must be out of scope R</li> </ul> <p><b>Limit &gt; THB 7.5 Million</b></p> <ul style="list-style-type: none"> <li>• Customer with total credit limits* including this request more than THB 7.50 Million.</li> </ul> <p>All borrower must have SME-S internal rating at least Grade S6</p> <p>*Note: Total credit limit excludes M-Loan, P-Loan and limit with 100% fully cash secured (currently as per Wor. 26/2555, 27/2555)</p>	
b.	Credit with TCG guarantee	<ul style="list-style-type: none"> <li>• Borrower must have credit with TCG guarantee* with BAY or with other bank for more than 6 months prior to app-in date.</li> </ul> <p>*Note: Verification of credit with TCG Guarantee:</p> <ul style="list-style-type: none"> <li>- With BAY: checked from internal database. <ul style="list-style-type: none"> <li>o SME-R: 3X, 3X-Flood</li> <li>o SME-S: Big Bag (Program, Non-Program)</li> </ul> </li> <li>- With other bank: checked by best effort.</li> </ul>	

	Item Considered	Criteria	
		Juristic Person	Individual
c.	Age	n.a.	<ul style="list-style-type: none"> <li>Age of borrower must be &gt;20-65 years.</li> <li>Age of borrower at loan maturity must NOT over 70 years.</li> </ul>
d.	Years in business	<ul style="list-style-type: none"> <li>Borrower must have <math>\geq 2</math> years of experience in existing business.</li> </ul> <p>Note: Verified by business registration, commercial document, statement in business, tax payment, or government document.</p>	
e.	Industry	<ul style="list-style-type: none"> <li>This program allows for business in Trading, Service &amp; Transportation, Wholesales and Manufacturing. <ul style="list-style-type: none"> <li><b>Green Light</b> : Focus Industry and eligible for this program</li> <li><b>Yellow Light</b> : Eligible for this program but on case by case and subjected to CM's judgment (Income factor and W/C requirement are needed to be verified)</li> <li><b>Red light</b> : Not Allowed for this program</li> </ul> </li> <li>Examples of Red light industries for this program: <ul style="list-style-type: none"> <li>Agriculture, livestock farming, fishery and forestry</li> <li>Mining and oil &amp; gas production</li> <li>Financial, government offices/agencies, and independent establishments</li> <li>Construction and real estate</li> <li>High risk businesses such as rice mill, computer manufacturing, crop trading</li> <li>School and street merchant</li> <li>Other as per listed in Appendix II</li> </ul> </li> <li>Prohibited industry: Illegal business, casino, gambling, night entertainment, immoral business, religious business, business related to politician, money laundering business.</li> </ul> <p>Note: Please see detail in Appendix II.</p>	
f.	Internal record at BAY	<ul style="list-style-type: none"> <li>Borrower must NOT have any record in BAY internal blacklist database.</li> </ul>	



	Item Considered	Criteria																			
		Juristic Person		Individual																	
g.	Record at NCB (24 months payment history)	<ul style="list-style-type: none"><li>Must have NCB record <math>\geq 1</math> years <sup>(1)</sup></li><li>Borrower must have no day past due (DPD=0) on date of NCB check.</li><li>Date of NCB check must NOT longer than 45 days prior to date of app-in to CM.</li><li>Borrower must have frequency of NCB check less than 6 times in last 6 months, excluding NCB check for the review purpose.</li><li>Result of NCB checked must be as follows.</li></ul> <table><tr><th>Past due record</th><th>Month 1-3</th><th>Month 4-12</th><th>Month 13 -24</th></tr><tr><td>&gt; 10-30 DPD</td><td><u>BAY</u>: None</td><td><u>BAY</u>: <math>\leq 2</math> times</td><td><u>BAY</u>: <math>\leq 3</math> times</td></tr><tr><td>&gt;30 -60 DPD</td><td>None</td><td><math>\leq 1</math> time</td><td><math>\leq 2</math> times</td></tr><tr><td>&gt;60 DPD</td><td>None</td><td>None</td><td><math>\leq 1</math> time</td></tr></table> <p>Note: (1) NCB record &lt; 1 year (exclude credit card and P-Loan record) financing condition subjects to financial criteria 6.2 e.</p>				Past due record	Month 1-3	Month 4-12	Month 13 -24	> 10-30 DPD	<u>BAY</u> : None	<u>BAY</u> : $\leq 2$ times	<u>BAY</u> : $\leq 3$ times	>30 -60 DPD	None	$\leq 1$ time	$\leq 2$ times	>60 DPD	None	None	$\leq 1$ time
Past due record	Month 1-3	Month 4-12	Month 13 -24																		
> 10-30 DPD	<u>BAY</u> : None	<u>BAY</u> : $\leq 2$ times	<u>BAY</u> : $\leq 3$ times																		
>30 -60 DPD	None	$\leq 1$ time	$\leq 2$ times																		
>60 DPD	None	None	$\leq 1$ time																		
h.	NPL / TDR record	<ul style="list-style-type: none"><li>Borrower must NOT have NPL or TDR record with BAY or other banks.</li><li>Borrower must NOT have write off record at BAY.</li></ul>																			
i.	Financial status	<ul style="list-style-type: none"><li>Borrower must have active company status on DSS.</li><li>Borrower must NOT have audited financial statement showing negative net worth in latest year OR consecutive net loss in last 2 years</li><li>Borrower must not have audited financial statement showing significant loss in the latest year.</li></ul> <p>Note:</p> <ul style="list-style-type: none"><li>If credit is submitted to CM <b>AFTER 31 JULY</b>, require audited financial statement of <b>last year (t-1)</b>.</li><li><u>Example</u>: If app-in date to CM is on 15 Aug 2012, audited financial statement FY 2011 is required.</li><li>If credit is submitted to CM <b>BEFORE 31JULY</b>, require audited financial statement of <b>last 2 year (t-2)</b>.</li><li><u>Example</u>: If app-in date to CM is on 15 Mar 2012, audited financial statement FY2010 is required.</li></ul>	n.a.																		

	Item Considered	Criteria																		
		Juristic Person	Individual																	
j.	Behavior / account conduct in last 6 months	<table><tr><th rowspan="2">Item considered</th><th colspan="2">Criteria</th></tr><tr><th>Main bank account (OD or CA which has the highest inflow)</th><th>Other bank accounts (consider per account)</th></tr><tr><td>Issued check return</td><td colspan="2">In last 6 months, borrower must NOT have issued check return &gt; 2 times.</td></tr><tr><td>Trade check return</td><td colspan="2">In last 6 months, borrower must NOT have trade check return &gt; 5% of monthly inflow.</td></tr><tr><td>Average OD utilization and OD swing*</td><td>In last 6 months, Borrower must NOT have avg. OD utilization &gt; 90% AND avg. OD swing &lt; 15%.</td><td>n.a.</td></tr><tr><td>OD Excess limit</td><td colspan="2">In last 6 months, borrower must NOT have OD excess limit for longer than 3 working days &gt; 1 time.</td></tr></table>		Item considered	Criteria		Main bank account (OD or CA which has the highest inflow)	Other bank accounts (consider per account)	Issued check return	In last 6 months, borrower must NOT have issued check return > 2 times.		Trade check return	In last 6 months, borrower must NOT have trade check return > 5% of monthly inflow.		Average OD utilization and OD swing*	In last 6 months, Borrower must NOT have avg. OD utilization > 90% AND avg. OD swing < 15%.	n.a.	OD Excess limit	In last 6 months, borrower must NOT have OD excess limit for longer than 3 working days > 1 time.	
Item considered	Criteria																			
	Main bank account (OD or CA which has the highest inflow)	Other bank accounts (consider per account)																		
Issued check return	In last 6 months, borrower must NOT have issued check return > 2 times.																			
Trade check return	In last 6 months, borrower must NOT have trade check return > 5% of monthly inflow.																			
Average OD utilization and OD swing*	In last 6 months, Borrower must NOT have avg. OD utilization > 90% AND avg. OD swing < 15%.	n.a.																		
OD Excess limit	In last 6 months, borrower must NOT have OD excess limit for longer than 3 working days > 1 time.																			
<p><b>*Note:</b> In case of seasonal business, average OD utilization and OD swing shall be considered for 12 months period.</p>																				

## 6.2 Financial criteria

	Item Considered	Criteria	
		Juristic Person	Individual
a.	DSCR	<ul style="list-style-type: none"> <li>Borrower must have DSCR <math>\geq 1.2x</math></li> </ul> <p>*Note: Calculation of DSCR as per No. 7a</p>	
b.	Debt / Equity ratio (DE ratio)	<ul style="list-style-type: none"> <li>Borrower must have DE ratio <math>\leq 3x</math></li> <li>Trading business must have DE ratio <math>\leq 3.5x</math></li> </ul> <p>*Note: Calculation of DE ratio as per No. 7b</p>	
c.	Maximum working capital (WC) limit	<p><b>Borrower has WC with other banks</b></p> <ul style="list-style-type: none"> <li>Max WC limit is allowed at 1.5 times of WC requirement</li> </ul> <p><b>Borrower does NOT have WC with other banks</b></p> <ul style="list-style-type: none"> <li>Max WC limit is allowed at 1.00 time of WC requirement*</li> </ul> <p>*Note: Calculation of WC requirement as per No.7c</p>	
d.	Financing condition for case acquire new core asset and use TCG	<ul style="list-style-type: none"> <li>Maximum credit limit according to LTV1: Core Asset as per No. 5.7</li> <li>Max LTV = 85% (80% for TL, 5% for OD which capped at maximum THB 1.0 Mil).</li> <li>If customer has WC financing need, it shall be financed by TL secured by TCG guarantee.</li> <li>Core asset (only main operating assets) purchased must be completed / fully built.</li> </ul>	

	Item Considered	Criteria														
		Juristic Person	Individual													
		<ul style="list-style-type: none"><li>Buying core-asset from related parties in group is not allowed.</li><li>Financing structure as illustrated below.</li></ul> <p>Maximum credit limit of THB 20 M according to 5.7 LTV and Max Limit</p> <table><tr><td>Maximum credit limit</td><td colspan="2"><div><div>TL at 80% to finance core asset OD 5% (max at 1.0 MB) as complementary</div><div>TL to finance working capital</div></div></td></tr><tr><td>Credit facilities</td><td colspan="2"></td></tr><tr><td>Collateral coverage</td><td colspan="2"><div><div>Subject to WC requirement</div><div>(Subject to WC financing need)</div></div></td></tr><tr><td></td><td>Portion secured by collateral (subject to LTV at 85%)</td><td colspan="2">Portion secured by TCG Guarantee</td></tr></table>		Maximum credit limit	<div><div>TL at 80% to finance core asset OD 5% (max at 1.0 MB) as complementary</div><div>TL to finance working capital</div></div>		Credit facilities			Collateral coverage	<div><div>Subject to WC requirement</div><div>(Subject to WC financing need)</div></div>			Portion secured by collateral (subject to LTV at 85%)	Portion secured by TCG Guarantee	
Maximum credit limit	<div><div>TL at 80% to finance core asset OD 5% (max at 1.0 MB) as complementary</div><div>TL to finance working capital</div></div>															
Credit facilities																
Collateral coverage	<div><div>Subject to WC requirement</div><div>(Subject to WC financing need)</div></div>															
	Portion secured by collateral (subject to LTV at 85%)	Portion secured by TCG Guarantee														
e.	Financing condition in case borrower has NCB record < 1 year	<ul style="list-style-type: none"><li>Maximum credit limit = 2 times of appraisal value</li><li>Accepted collateral is limited to cash or core asset.</li><li>Non-core asset is not allowed.</li></ul>														
f	Clean OD offered	Clean OD shall be offered to persons / companies (must sign O/D contract) that provide bank statement to support income verification. Clean OD shall be terminated if the commercial credit approved this time is canceled.														
		<table><tr><th>Total Limit of this request (MB)</th><th>Limit of clean OD offered (MB)</th></tr><tr><td>&lt;= 10</td><td>0.1</td></tr><tr><td>&gt; 10</td><td>0.2</td></tr></table>	Total Limit of this request (MB)	Limit of clean OD offered (MB)	<= 10	0.1	> 10	0.2								
Total Limit of this request (MB)	Limit of clean OD offered (MB)															
<= 10	0.1															
> 10	0.2															

## 7. Calculation of financial items

	Financial Item	Calculation
a.	DSCR	<p>DSCR = <math>\frac{[EBITDA^{(1)}]}{[Total\ interest\ payment\ on\ WC^{(2)} + Total\ Loan\ installment^{(3)} + Total\ fee\ payment^{(4)}]}</math></p> <p>Note:</p> <p>(1) EBITDA = [12*Average sales per month] * Income Factor (as per Appendix II)</p> <p>(2) Total interest payment on WC = [Total existing WC limit including WC at BAY and other banks * Interest rate based at BAY current MRR] + [Total WC limit requested this time * Interest rate on this request]</p> <p>(3) Total Loan installment = [Existing actual loan installment with normal condition (no grace period)] + [loan installment on this request] + [10% of credit card outstanding at last month]</p>

	Financial Item	Calculation
		<p>Note:</p> <ul style="list-style-type: none"> <li>- Existing Loan installment is calculated based on NCB.</li> <li>- For customer having BOT soft loan (interest 3% p.a.), existing loan installment shall recalculate using 6% p.a.</li> </ul> <p>(4) Total fee payment =  [Total LG limit * % LG fee at 2.5% pa] + [Total LC/TR limit * % LC fee at 1/8% per 3 months] + [Total limit with TCG guarantee * TCG fee at 1.75%].</p>
b.	DE ratio	<p>Based on pro-forma prepared by RM and endorsed by at least Zone Director or above.</p> <p>Note:</p> <ul style="list-style-type: none"> <li>- Asset shown in the pro-forma should be involving in business.</li> <li>- Proof of cash or asset (documents or photo) shown in the pro-forma is required.</li> </ul>
c.	WC requirement	<p>WC requirement =  [Net days of WC requirement * Total sales per month] / [30 days]</p> <p>Note:</p> <ul style="list-style-type: none"> <li>- Net days of WC requirement varies by industry (as per Appendix II)</li> </ul>

## 8. Income verification

- Income is verified by SME-S Credit Underwriting team (CM).
- Income is verified from at least one of the following.

Juristic Person	Individual
<ul style="list-style-type: none"> <li>- Bank statement <sup>(1)</sup> (mandatory)</li> <li>- Financial statement <sup>(2)</sup> (mandatory)</li> <li>- Tax payment document (Por Por 30) <sup>(2)</sup> (optional)</li> </ul>	<ul style="list-style-type: none"> <li>- Bank statement <sup>(1)</sup> (mandatory)</li> <li>- Tax payment document (optional)</li> </ul>

Note:

### (1) Bank statement

- Normal business: Income is verified from  $\geq 6$  months of bank statement.
- Seasonal business: Income is verified from  $\geq 12$  months of bank statement.
- If the credit is submitted to CM AFTER day 15<sup>th</sup> of each month, latest bank statement is required at "1 month" prior to the month of submission.  
Example: If app-in date to CM is 20 Jun 2012, latest bank statement is required as of 31 May 2012.
- If the credit submitted to CM BEFORE day 15<sup>th</sup> of each month, latest bank statement is required at "2 month" prior to the month of submission.  
Example: If app-in date to CM is 10 Jun 2012, latest bank statement is required as of 30 Apr 2012.

- (2) If income validated from Por Por 30 or financial statement significantly increases from last year of more than 30%, further documents and clarification supporting income stability are required.

## 9. Covenant

Covenant	<ul style="list-style-type: none"> <li>- No release collateral until all debt is paid off (BAY portion , SBCG portion and clean O/D)</li> <li>- Cross default with other banks.</li> <li>- Checking credit every 3 months : <ul style="list-style-type: none"> <li>o Trigger point debt : Have all bank debt outstanding more than 130% of working capital requirement and 120% of [L/T outstanding + new loan (purchase new asset as 6.2 d).]</li> <li>o Based on the completion of KEC system</li> </ul> </li> </ul>
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## 10. Tracking and Monitoring

### 10.1 Product Program Monitoring

- This product program is subjected to review annually.
- The quality of portfolio will be quarterly review.
- Any changes on credit criteria, credit application, and track and monitoring can be approved by Credit Committee.
- At the time of approval, TCG PGS4 portfolio will be applied to this program.
- Future TCG portfolio will require RMC approval before proceeding and this program may need to revise if new TCG portfolio changes guarantee conditions.
- To ensure that TCG are properly monitored, the following are triggers and actions for this program:

Trigger	Action
$\geq 4.86\%$ <sup>(1)</sup> of NPL on each TCG portfolio	<ul style="list-style-type: none"> <li>• Report to Credit Committee</li> <li>• Review NPL cases that use TCG and find root causes</li> <li>• Revise criteria where necessary</li> </ul>
$\geq 6.65\%$ <sup>(2)</sup> of NPL on each TCG portfolio	<ul style="list-style-type: none"> <li>• Report to Credit Committee</li> <li>• Review NPL cases that use TCG and find root causes</li> <li>• Review product program</li> </ul>
$\geq 7.73\%$ <sup>(3)</sup> of NPL claim on each TCG portfolio	<ul style="list-style-type: none"> <li>• Report and request approval from Risk Management Committee for further action</li> </ul>

Note : <sup>(1)</sup> ROE = 23.6% , <sup>(2)</sup> ROE = 15.0% , <sup>(3)</sup> ROE = 10%

### 10.2 Portfolio Monitoring

Monitoring	<ul style="list-style-type: none"> <li>- Every 6 months : O/D utilization <math>\geq 95\%</math> and swing <math>&lt; 15\%</math> should be closely monitor.</li> <li>- Every month : Overall port folio : Movement of PL , SM and NPL</li> </ul>
Annual review and review credit rating	<ul style="list-style-type: none"> <li>- Auto review with criteria (as appendix )</li> <li>- Random visit and review the customer.</li> </ul>

Delegation of Authority  
(DOA)

Per son	Authority Person (SME Risk Department)	Max total limit (MB)*
1.	Mr. Nuttawit Boonyawat	30
2.	Mr. Yuke Suttarat	30
3.	2 Department Manager Co sign	25
4.	Department Manager (VP,SVP)	20
5.	Vice President and Section Manager	15
6.	FAVP or officer 8	10

Remarks :

1. \* Max total limit for DOA will be based on total group exposure. *(Existing limit + New limit of this request exclude P-loan , Housing loan , limit with fully pledge deposit)*
2. DOA is an authority to
  - a. Grant / increase , reduce and cancel the facilities for both new and existing customer.
  - b. Extend , review the facilities and, hold the facilities.
  - c. Add and release the collateral. Change conditions of collateral or guarantors.
  - d. Other transaction which the Bank will not incur additional risks.
  - e. Including authorized product program in green and yellow business.

**Deviation Guideline**

Criteria	Level of RM endorsed	CM Deviate by person
5.6 Acceptable collateral type Non-core assets are in good condition subjected to CM's judgment	Regional Director or above	Department manager
6.1. Borrower criteria (f, g, h, i and j) RM must submit the proof/document to support reasons to deviate these criteria	Regional Director or above	Department manager
6.2.b D/E ratio - Trading business o D/E > 3.5 – 4.5x - Manufacturer and other business o D/E : > 3.0 - 4.0x	Regional Director or above	Department manager

# **Appendix I**

## **Example for Credit Structure**

### ***Example 1:***

**New customer with core asset appraisal value 5.0 MB** (*From No. 5.7 LTV and Minimum collateral requirement -- LTV 1 Core asset: LTV 85%, Min collateral requirement = 30% of total limit*)

#### **Step 1:** Collateral value calculation

Collateral value	= Appraisal value x LTV
	= 5.0 MB x 85%
	= 4.25 MB

#### **Step 2:** Max limit calculation

Max limit	= Appraisal value / Min collateral requirement
	= 5.0 MB / 30%
	= 16.67 MB

#### **Step 3:** TCG Guarantee requirement

TCG Guarantee requirement	= Step (2) – (1)
	= 16.67 MB – 4.25 MB
	= 12.42 MB

#### **Step 4:** Mortgage value requirement

Mortgage value requirement	= Appraisal value
	= 5.0 MB

In short, based on mortgage value of collateral at 5 MB, this customer shall have:

- WC and/or LG secured by collateral = 4.25, which is within LTV
- TL secured by TCG = 12.42 MB



**Example 2:**

**New customer with cash collateral value 6.0 MB** (From No. 5.7 LTV and Minimum collateral requirement -- Cash LTV 100%, Min collateral requirement 30% of total limit)

Step 1: Collateral value calculation

$$\begin{aligned}\text{Collateral value} &= \text{Cash collateral value} \times \text{LTV} \\ &= 6.0 \text{ MB} \times 100\% \\ &= 6.0 \text{ MB}\end{aligned}$$

Step 2: Max limit calculation

$$\begin{aligned}\text{Max limit} &= \text{Cash collateral value} / \text{Min collateral requirement} \\ &= 6.0 \text{ MB} / 30\% \\ &= 20.00 \text{ MB}\end{aligned}$$

Step 3: TCG Guarantee requirement

$$\begin{aligned}\text{TCG Guarantee requirement} &= \text{Step (2)} - (1) \\ &= 20.0 \text{ MB} - 6.0 \text{ MB} \\ &= 14.0 \text{ MB}\end{aligned}$$

In short, based on cash collateral pledged at 6.0 MB, this customer shall have:

- WC and/or LG secured by collateral = 6.0, which is within LTV
- TL secured by TCG = 14.0 MB

**Example 3:**

**Existing customer with core asset appraisal value 5.0 MB, which is currently secured for OD 2.0 MB. Current mortgage value = 2.0 MB (From 5.7 LTV and Minimum collateral requirement -- LTV 1 Core asset: LTV 85%, Min collateral requirement 30% of total limit)**

Step 1: Collateral value calculation

$$\begin{aligned}\text{Collateral value} &= \text{Appraisal value} \times \text{LTV} \\ &= 5.0 \text{ MB} \times 85\% \\ &= 4.25 \text{ MB}\end{aligned}$$

Step 2: Max limit calculation (Existing limit + incremental limit)

$$\begin{aligned}\text{Max limit} &= \text{Appraisal value} / \text{Min collateral requirement} \\ &= 5.0 \text{ MB} / 30\% \\ &= 16.67 \text{ MB}\end{aligned}$$

Step 3: TCG Guarantee requirement

$$\begin{aligned}\text{TCG Guarantee requirement} &= \text{Step (2)} - (1) \\ &= 16.67 \text{ MB} - 4.25 \text{ MB} \\ &= 12.42 \text{ MB}\end{aligned}$$

Step 4: Incremental limit calculation

$$\begin{aligned}\text{Incremental limit} &= \text{Max limit (Step 2)} - \text{Current exposure} \\ &= 16.67 \text{ MB} - 2.0 \text{ MB} \\ &= 14.67 \text{ MB}\end{aligned}$$

Step 5: Incremental Mortgage value requirement

$$\begin{aligned}\text{Incremental Mortgage value requirement} &= \text{Appraisal value} - \text{Current mortgage value} \\ &= 5.0 \text{ MB} - 2.0 \text{ MB} \\ &= 3.0 \text{ MB}\end{aligned}$$

In short, based on total mortgage value of collateral at 5 MB (current mortgage 2.0 MB, incremental mortgage 3.0 MB), this customer shall have:

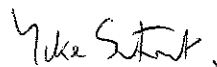
- Existing OD = 2.0 MB
- New WC and/or LG = 4.25 MB – 2.0 MB = 2.25 MB, which is within LTV if include existing OD
- TL secured by TCG = 12.42 MB

## Further Clarification

No.	Item	Reference	Clarification
1	F/X Limit	5.2 Facility type	F/X limit is complementary according to TF limit
		5.4 Max limit per group on this request	F/X limit not include in THB 20 Mil
		5.6 Accepted collateral type	F/X limit requires personal guarantor
		5.8 TCG guarantee portion	Meaning of Approved limit not include F/X limit
2	DOA	10.2 Portfolio Monitoring / DOA	Additional DOA: Delegated persons to approve to f. Waive call default and any consents g. Change or adjust covenant



Sayam Prasitsirigul  
Head of SME Banking



Yuke Sutarat  
EVP, SME Credit Risk Division

