



# ANNUAL REPORT 2016

Nationwide Motorcycle  
Title Loan Leader



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## Message from the Chairman of the Board of Directors

Muangthai Leasing Public Company Limited has been listed in with the Stock Exchange of Thailand for 2 years since 26 November 2016. In the past year the Company had a very successful operation with its continuous and satisfactory growth with net profit of 1,464 million baht, which is 639 million baht increase from the previous year.

The Company still focuses on the expansion of branch network to cover more service area while expanding more sales and service channels. Apart from our commitment to continually grows our business in a professional manner, the Board is well-aware of the importance of good corporate governance practices and the implementation of systematic risk management program in order to ensure that the Company's business operation is transparent and auditable in all work processes, especially those relating to the fair treatment of all shareholders.

On behalf of the Company, I would like to take this opportunity to thank all of our shareholders, our customers and our business partners for your continued trusts and supports. I would also like to thank our management and every employee for your commitment and contribution to make the Company achieving our goals of revenue growth, branch network expansion and service excellence and to continue building up a sustainable future for the Company. I shall assure to you all that I myself and all directors of the Board shall oversee and govern the Company's management to operate successfully as per the set strategies with integrity, honesty and transparency under the rigorous good governance practices to maintain our leadership in the vehicle title loan business. I am very confident that Muangthai Leasing Public Company Limited will continue to grow continuously and sustainably.



Adm. Apichart Pengsritong  
(Chairman of the Board of Directors)



## Message from the Chairman of the Executive Committee

Year 2016 is the second year that Muangthai Leasing Public Company Limited has been listed in the Stock Exchange of Thailand. With our continued outstanding performance through the past 2 years, in 2016 the Company was voted by investors and general questionnaire respondents to win the “Popular Stock Awards” by the Stock News Daily. This has been the good and admirable news for the Company’s management and shareholders.

In 2017, the Company still focuses on the continued growth. Management has set the growth target of at least 50%. We aim to open more 600 branches, meaning the number of total branch will become 2,200 branches. The target area of branch distribution will be provinces in the North-east and the South.

Additionally, in the past year the Company has launched new loan product, Land Title Deed Loan, which has received very good feedback from our customers. We are confident that this new loan product will bring in more revenues for the Company in the future.

On behalf of the Executive Committee, I would like to take this opportunity to thank all of our customers, our shareholders and our business partners for your continued supports. I would also like to thank all employees for your commitment and contribution to make the Company grow continuously and sustainably.

(Mr. Chuchat Petaumpai)

Chairman of Executive Committee



# Report of the Audit Committee

Dear Shareholders

The Company's Board of Directors has appointed the Audit Committee which consisted of three independent directors with qualifications specified by criteria in the announcements of the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Following is the name list.

- |                               |                                    |
|-------------------------------|------------------------------------|
| 1. Mrs. Kongkeaw Piamduaytham | Chairperson of the Audit Committee |
| 2. Mr. Kampol Tatiyakavee     | Member of the Audit Committee      |
| 3. Mr. Chainoi Puankosoom     | Member of the Audit Committee      |

In 2016, the committee held 4 meetings to perform its duties within the framework stipulated in the Audit Committee Charter. All committee's members attended every meeting. While one of these meetings was to meet with external auditors without the presence of the Company's management with the objectives to discuss about problems arising during the auditing period and to discuss the issues that the auditors considered as material. This practice is to promote the Company's good governance and to enhance the transparency of the Company's financial statements. The minutes of meetings were prepared and reported to the Board of Directors on quarterly basis, as follows.

1. Financial reports review: The committee has reviewed the quarterly and annually financial statements, the consolidated statements and list of transactions which may lead to conflict of interest to ensure that the Company's financial statements were accurately prepared and presented in accordance with financial reports standards and that the financial statements were accurate and reliable with sufficient disclosure of material information in a timely manner for the benefit of investors and in conformity with legal requirements and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, and the financial reports standards.
2. Review of internal control system and internal audit system: The committee approved the audit plan for 2016, which was prepared by the internal audit team, and regularly monitored the operating results on quarterly basis. Considering from key risks, the committee provided useful recommendations and comments to ensure that the existing internal control processes could help prevent or mitigate errors in business operations. The committee also reviewed the appropriateness and adequacy of human resources as well as the independency of internal audit team. The committee opined that the Company's internal control and internal audit system were effective, appropriate and sufficient. The internal audit team performed their duties independently, transparently and fairly.
3. Law compliance review: The committee reviewed the Company's business operations and viewed that they were complied with the laws related to securities and the Stock Exchange of Thailand, the SET regulations as well as other laws and regulations which were related to the Company's businesses, including the Company's anti-fraud policy and the regulation changes which impacted the Company's operations.
4. Consideration of connected transactions and items with potential conflicts of interest: The committee considered the connected transactions and items with potential conflicts of interest on a fair, transparent and reasonable basis; while taking into consideration the benefits of all stakeholders and the sufficiency of information disclosures as required by the Stock Exchange of Thailand.



5. Consideration of nomination and proposal to appoint the external auditors and the audit fee: The committee has considered, selected and proposed to the Board of Directors to appoint the external auditors and the audit fee for 2016, by considering performance, independence, competence, experience and the suitability of the fee of the auditors in the previous year. The committee agreed to nominate the existing auditors from the EY Office to be the Company's external auditors for another year. Following are name list of the auditors.
- |                                 |   |
|---------------------------------|---|
| 1) Ms. Ratana Jala              | Certified Public Accountant Registration No 3734 and/or |
| 2) Ms. Somjai Khunapasut        | Certified Public Accountant Registration No 4499 and/or |
| 3) Ms. Rutchada Yongsawatwanich | Certified Public Accountant Registration No 4951        |
6. Consideration and review of the existing Audit Committee Charter: The committee considered and reviewed the audit committee charter on regular basis to ensure that the committee performs its duties effectively by exercising the up-to-date practices.

The Audit Committee has performed its duties with prudence and independence, giving comments and recommendations in a direct and transparent manner for the best interest of the Company. It has received full co-operation from the management and has no limitation in the access to the Company's information. The committee has evaluated its performance and was confident that the performance of the Audit Committee in 2016 was effective, achieving all the objectives assigned by the Board.

(Mrs. Kongkeaw Piamduaytham)  
Chairperson of the Audit Committee

## Report of the Risk Management Committee

Muangthai Leasing Public Company Limited has foreseen that to operate its business by the principle of good corporate governance, building a sustainable growth as a trustworthy company and gaining confidence among investors, the Company needs to have the systematic risk management program which covers all risk factors in the organization. Therefore, the Board of Directors Meeting No.1/2016 on 18 January 2016 has approved the establishment of the Risk Management Committee to perform the duties of determining the risk management policy, monitoring the implementation of risk management program, assessing the adequacy of the risk management plan and reporting the significant risk issues to the Board. The resolution of the Board meeting was also to appoint the following 3 directors to be the chairman and member of the Risk Management Committee.

- |                              |  |
|------------------------------|--|
| 1. Adm. Apichart Pengsritong | Chairman of the Risk Management Committee (Independent director) |
| 2. Mr. Kampol Tatiyakavee    | Member of the Risk Management Committee (Independent director)   |
| 3. Mr. Chuchat Petaumpai     | Member of the Risk Management Committee                          |

In 2016, the Risk Management Committee has performed its duties efficiently with many significant progresses. The first formal committee meeting was set on 28 October 2016 to consider and approve the risk management manual which prescribed the framework of risk management policy in the organization and the identified risk factors which may impact the Company's business. The meeting has assigned the secretary of the Committee to co-ordinate with the Risk Management Taskforce, consisting of managers and staff at all levels from each department, to communicate the risk management guidelines and ensure understanding throughout the company. The Committee also assigned each department to review, analyze, identify and assess the significant risks in its own area in order to propose the findings and possible solutions to the next Committee Meeting No.1/2017.

Considering the above accomplishments, the Risk Management Committee believes that it has performed its duties effectively to oversee and manage the risks of the company to be at the acceptable level under the principle of good corporate governance and to support the work of the Board of Directors. The Committee has strictly followed the steps of standard risk management process. It has also reviewed the Charter of the Risk Management Committee and the risk management framework and process regularly and continually to ensure that the Company's risk management is effective and will support the organization to achieve its business goals and to gain shareholder's confidence as always.



Adm. Apichart Pengsritong  
(Chairman of the Risk Management Committee)



## Report of the Nomination and Remuneration Committee

Muangthai Leasing Public Company Limited has been aware of the importance of the selection of its directors and senior executives and the determination of their remuneration. The Nomination and Remuneration Committee has performed its duties as assigned by the Board to select and nominate the suitable candidate for the position of director and propose to the Board meeting or the shareholder's meeting for approval. The Committee's duties include to review and consider the remuneration for the position of the Executive Committee's Chairman and the Managing Director and to propose the remuneration policy and guidelines for monetary and non-monetary benefits to the Board directors, members of each committee and senior executives, to be in line with their responsibilities, the Company's performance and market conditions, in order to keep them motivated so that the Company can retain the quality directors and executives.

In 2016, the Nomination and Remuneration Committee has performed its duties completely with prudence and reasonableness at its full capacity when considering, reviewing and nominating the suitable and qualified candidate according to the governing laws and regulations, for the position of the Company's director to replace the retiring director. The Committee also reviewed and considered the remunerations of directors and members of each committee and proposed to the Board and the shareholder's meeting for approval. The Committee also set the procedure for the shareholders to propose the candidate to be the Company's director in accordance with the principle of good corporate governance and for the benefits of the Company and all stakeholders.

Dr. Yodhin Anavil

(Chairman of the Nomination and Remuneration Committee)

# Report of the Corporate Governance Committee

The Board of Directors has appointed the Corporate Governance Committee consisting of three directors; Mr. Chainoi Puankosoom as the chairman, Mrs. Kongkeaw Piamduaytham and Mr. Chuchat Petaumpai as committee members. Duties of the Committee included determining the good corporate governance policy and monitoring the Company's business operation to comply with the set policy. Therefore, the Corporate Governance Committee has established the CG policy stipulating that the Company and its management shall carry out the business operation in accordance with the core principle of good corporate governance for the listed companies announced by the Stock Exchange of Thailand. The ultimate goal is business operation which aims for the best interest of its shareholders with transparent and fair management and commits to be responsible for all stakeholders.

The Corporate Governance Committee believes that policies on good corporate governance, business ethics and code of conducts will be important factors to support the Company to be a leading company with stable and sustainable growth; while participating in the development of the country's economic, social and environmental systems. This will bring about the confidence and positive image for the Company's shareholders, investors and stakeholders in all sectors both in present and in the future. Therefore, the Corporate Governance Policy has been established as per the guideline set by the Stock Exchange of Thailand, with the following 5 sections.

## 1. The Rights of Shareholders

The Company has been well-aware and committed to shareholders' basic rights i.e. right to sell or transfer the shares, right to receive the rightful portion of Company's profits, right to obtain relevant and adequate information of the Company, right to attend and vote in the shareholders' meeting to elect or remove members of the Board of Directors, right to appoint external audit, right to decide on any transactions that significantly affect the Company i.e. dividend payment, amendments of Company's regulations or memorandum of association and articles of association, the increase or decrease of capital, etc.

Apart from the above mentioned rights, the Company has made the following arrangements to promote and facilitate shareholders to conveniently exercise their rights.

- The Company's board of directors shall hold the annual general shareholders' meeting within 4 months from the last day of the Company's fiscal year.
- The Company shall prepare Notice of the shareholder meeting and send to shareholders not less than 7 days before the date set for the meeting. The notice must state the date, time, venue and agenda of the meeting and must include information related to the topics which need decision from shareholders.
- After the meeting, the Company shall prepare minutes of meeting which records accurate information with full coverage so that the Shareholders can review.

## 2. The Equitable Treatment of Shareholders

The Company has recognized the importance of fair treatment to all shareholders including minority shareholders and foreign shareholders. Therefore, it has the guidelines to protect the shareholder's right and prevent the breach of shareholder's rights in an equal and fair manner, enhancing trust among investors and shareholders. Details of the guideline are as follows.

- The Company shall provide opportunity for all shareholders to propose the AGM meeting agenda, the candidate for the director position and to submit question or inquiry before the shareholder's meeting takes place, during October-December of every year. By the way, the proposal of AGM meeting agenda and the director candidate must be complied with the law and the Company's regulations as per the criteria the Company has published in the Company's website, [www.muangthaileasing.co.th](http://www.muangthaileasing.co.th).



- The Company shall provide proxy form for the shareholders who cannot attend the meeting and want to appoint someone and/or the Company's independent director to attend the meeting and vote on their behalf. Profile of each independent director detailing his/her background and work experience shall be submitted with the notification of the meeting so that shareholders can consider before making decision to appoint their proxy.
- The Company shall not add more agenda or change the material information without notifying the shareholders in advance.
- The Board of Directors shall support the voting by ballot on every agenda including the agenda of appointing each director in order to be transparent and auditable.
- The Company has set the code of conduct regarding the inside information and the trading of the Company's securities to prevent its directors, executives, and employee to unethically use inside information for their own or other person's personal gain. The related policy and guidelines has been communicated to everyone to strictly abide, with consistently monitoring mechanism.

### 3. The Role of Stakeholders

Realizing the importance of stakeholder's rights, the Company shall treat all related parties fairly with following details.

- Business partner and Debtor : The Company treats its business partners and debtors fairly, equally and without taking any advantages. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- Customer : The Company has a policy and standard guidelines to treat every customer fairly. Related terms and conditions must be clearly informed to customer. And such terms and conditions must be fair. Besides, the Company commits to provide service excellence. Its employee give consultation to customer in a soft and polite manner and are willing to listen to customer's problems in order to propose the proper solutions and keep confidential.
- Competitor : The Company realizes the importance of treating competitors with fairness under the trading competition rules, regulations and related laws. There shall be no attempts to destroy competitor's name/image : no attempts to dishonestly or inappropriately seek for others' trade secrets; and no attempts to infringe others' copyrights or their intellectual properties.
- Society and Communities : The Company focused on operating the business with responsibilities to the country's economy, society and environment. The work process and procedures are set to comply with related regulations and laws to ensure ethics and integrity in business operations. Day-to-day operations are carried out with transparency, fairness, equality and are not to take advantage of society, community and environment as well as stakeholders in all sectors. Since the Company's business plays an important role in the development of society and community with the aims to create more shared values among the Company, economy, society, communities and environment, the Company has focused more on consistent communication and training of its staff to ensure they have knowledge and understanding of social responsibilities in the same direction.
- Environment : The Company has policy to encourage employees to use the Company's property and material efficiency, i.e. setting budget for each branch utilities expenses, promoting re-use of copy printing paper, turning off lights when not in use or during lunch break. The Company believes that the discipline of the staff will result in a habit and put into practice, even outside the company.

- Employee : The Company is fully aware the importance of each and every employee, who has participated in driving the Company to build up its business now and in the future. Therefore, the Company has established the personnel management system which not only opens opportunities for all employees to grow in their career under the fair performance evaluation process but also ensures the proper and fair compensations including salary, allowance, welfare and other benefits.

#### 4. Disclosure and Transparency

The Company's Board of Directors recognized the importance of information disclosure in an accurate, complete, equal and timely manner and that is sufficient for decision making. At the same time, the dissemination of the Company's information is based on maintaining confidentiality of business secrets and key strategies.

The Company commits to disclose the information equally to all shareholders, investors, and the Company's stakeholders as well as to public in compliance with the SEC and SET's regulations. Apart from disclosing the information through the annual information form (form 56-1) and annual report (form 56-2), the Company also publishes the information in the SET's website and the Company's website so that all related parties, shareholders, investors, analysts, stakeholders and people who are interested in the Company can easily access the information on equally and trustworthy basis.

In 2016, the Board of Directors has set related criteria and guidelines with details as follows.

- The Company has a policy to disclose the material information through the easy-to-access, convenient and trustworthy channels, i.e. the Stock Exchange of Thailand's website ([www.set.or.th](http://www.set.or.th)), the Securities and Exchange Commission's website ([www.sec.or.th](http://www.sec.or.th)) and the Company's website ([www.muangthaileasing.co.th](http://www.muangthaileasing.co.th)) All stakeholders will be able to access all Company's material information as prescribed in the SET's good corporate governance criteria and practices and according to the law and regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission.
- The Company shall submit the financial reports to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand within due course and shall ensure that there will be no transaction with qualified opinion from the independent auditor.
- The Company shall disclose the complete information in its annual report and its website, including financial statements, policy on corporate governance and business ethics, corporate social responsibility policy, analyst reports (research) from various institutes, company overview, annual reports, annual information (Form 56-1), shareholder's meeting, list of major shareholders, news on notifications to SET, and news from media, etc.
- Investor Relations Department was established to be a main channel of communications with investors and analysts, i.e. setting up meeting with analysts, disseminating the Company information in the roadshow events in Thailand and abroad.
- The Company has clearly disclosed the criteria and information of its directors and executives' remunerations in its annual report.
- Information about the share holdings of all directors and executives has also been clearly disclosed. The Company has a policy stipulating that all directors and executives must report the following to the Board.
  - Trading transactions of the Company's shares: The policy stated that all directors, executives, management and related persons (spouse and minor children) were prohibited from buying, selling or transferring of the Company's shares during the period of public announcement of the





Company's financial statements. Also, In case of any trading, they must report to the company secretary in order to prepare and submit the report of securities holding in the Company (form 59-2) to the SEC within the required timeframe. Report of securities holding by directors and executives must be reported to the Board meeting on quarterly basis.

- In order to prevent any conflicts of interest of the Company's directors and executives, all connected transactions and transactions which may cause a conflict interest incurred by directors or executives must be reported to the Chairman of the Board to consider and decide to add into the agenda of the Board of Directors meeting on quarterly basis.
- The Company has no record of being ordered by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission to amend its financial statements.
- The appointment of licensed auditors of the Company has been approved by the 2016 general annual meeting of shareholders. The auditors' qualifications had no conflict with the Stock Exchange's criteria and they neither provide any other services to the Company nor have any relationships and/or any interests with the Company, its subsidiary, its management, its major shareholders or related parties.
- The Company's financial statements were granted by the auditor with unqualified opinion.
- Information about the Company's directors and executives has been clearly published in the Company's website, including their name, position, educational background, number of shares they are holding, work experience and individual picture.
- The Company's senior executives recognized the importance of investor relations. They shall participate in the meeting with shareholders, investors, analysts and reporters to provide information and discussion on the topic of interest on regular basis. This practice is to ensure that everyone can access the Company's information which is accurate, complete, transparent and timely on equally basis, especially the material information which may affect the price of the Company's shares. With this information, the investors will be able to make their effective decision to invest with the Company which will actually impact the true value of the Company's shares. The Company has disclosed its information and news in compliance with the criteria and guidelines set by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand by using various channels and activities, i.e. the formal communication channels of the Stock Exchange, the Company's site visit and management discussion by investors and analysts, the meeting with reporters and exclusive interview, the regular press release of the Company's operating results, the quarterly meeting with analysts, etc.

## 5. Responsibilities of the Board of Directors

The Company has recognized the importance of the role and responsibilities of the Board of Directors to safeguard the interests of shareholders and stakeholders through its duties of determining business strategies, overseeing, checking and monitoring to ensure that the day-to-day operation is transparent and conforming with governing regulations. Following are details of related policies.

- Term of office of Independent director shall not be continued for over 9 consecutive years;
- The Board has set a policy about the versatility of the Board of Directors. By nominating director candidate, regardless of gender, with skills, professional backgrounds and expertise, which are still lack in the existing Board, it will increase versatility of the Board. However, in 2016, there was nomination for additional directors due to the existing Board structure which comprised of 7 members (5 independent directors and 2 executive directors) and no director who is in director position of over 5 listed companies simultaneously.

- The Company has also set a policy about the quorum of the Board meeting; it requires at least two-third of the members of the Board to be present in the meeting in order for the Board to vote for resolution of any matters.
- Each director is required to attend the Board meeting at least 75 per cent of the total meetings in a year.
- The Company specified the criteria and guideline for its director to hold directorship in other companies to comply with the corporate governance best practices.

In addition, the Company has adhered to its CSR approaches which reflect its commitment and contribution to drive the organization to be performance excellence by providing practical guidance to management and employees at all levels.

- Support and promote the Company's CSR annual activity of building child development centers in the communities nearby its branches. In 2016, two centers were built for "Ban Patirooptheedin, Tambol Thai Samaggi" and "Ban Subsaithong school, Tambol Wang Nam Khiao" located in Wang Nam Khiao district, Nakhon Ratchasima province, which are center no 6 and no 7 respectively.
- Blood Donation for the Red Cross: Every year the Company invites its employee to donate their blood to the Thai Red Cross Society in an annual event named "Muengthai Ruam Jai Borijak Lohit". This is a long Company tradition which has been well received by its employees. Donations are made at the designated hospitals or red-cross centers in every province throughout the country.
- The Company has a custom of offering the unity kathina ceremony every year. This year (2016), the Company has offered the kathina to 4 temples with total donation amount of 3,699,181 baht. The donated funds were splitted among the following 4 temples, Wat Nong Luang, Tha Tako district, Nakhon Sawan province, Wat Nong Bok, Lao Suea Kok district, Ubon Ratchathani province, Wat Nuen Din Dang, Bo Thong district, Chonburi province and Wat Ton Rien, Ratsada district, Trang province. Additionally, the Company has donated educational funds to the following 4 schools at 100,000 baht each i.e. Ban Nong Luang school, Ban Nong Bok school, Wat Nuen Din Dang school, Wat Ton Rien school.

Resulting from the Company's efforts in comply with the above good corporate governance principle, in 2016 it achieved the total rating as "Very Good" from the assessment of the Corporate Governance Report of Thai Listed Companies (CGR) 2016 arranged by the Thai Institute of Directors Association (IOD). This achievement reflected the commitment of the Board of Directors, executives and employee to focus on operating the business in a transparent, auditable and fair manner to all stakeholders with the aim for the Company's business sustainability.



(Mr. Chainoi Puankosoom)  
Chairman of the Corporate Governance Committee



## Board of Directors



**Adm. Apichart Pengsritong**  
Chairman/ Independent Director



**Mr. Chuchat Petaumpai**  
Director/ Chairman of the  
Executive Committee



**Mrs. Kongkeaw Piamduaytham**  
Independent Director



**Mr. Chainoi Puankosoom**  
Independent Director



**Mr. Kampol Tatiyakavee**  
Independent Director



**Dr. Yodhin Anavil**  
Independent Director



**Mrs. Daonapa Petampai**  
Director/ Managing Director

## Executive Committee

**Mr. Chuchat Petaumpai**

Chairman  
of the Executive Committee



**Mrs. Daonapa Petampai**

Executive



**Mr. Surapong Pechaumpai**

Executive



**Mr. Parithad Petampai**

Executive



**Mr. Surat Chayavoradech**

Executive



**Ms. Vimongrat Nujul**

Executive



**Mr. Somkiat Ratsamee**

Executive





**Mr. Amnat Niamsee**

Executive



**Mr. Banyat Ninsiri**

Executive



**Mr. Niyom Rodnoi**

Executive



**Mr. Pradit Thongkhum**

Executive



**Mr. Songkarn Eiamkai**

Executive



**Ms. Duangkhae Songnuy**

Executive

## Audit Committee



**Mrs. Kongkeaw  
Piamduaytham**  
Chairperson  
of the Audit Committee



**Mr. Chainoi Puankosoom**  
Member  
of the Audit Committee



**Mr. Kampol Tatiyakavee**  
Member  
of the Audit Committee

## Risk Management Committee



**Adm. Apichart Pengsritong**  
Chairperson of the Risk Management  
Committee



**Mr. Chuchat Petaumpai**  
Member of the Risk Management  
Committee



**Mr. Kampol Tatiyakavee**  
Member of the Risk Management  
Committee



## Nomination and Remuneration Committee



**Dr. Yodhin Anavil**  
Chairperson of the Nomination  
and Remuneration Committee



**Mrs. Kongkeaw Piamduaytham**  
Member of the Nomination  
and Remuneration Committee



**Mr. Kampol Tatiyakavee**  
Member of the Nomination  
and Remuneration Committee

## Corporate Governance Committee



**Mr. Chainoi Puankosoom**  
Chairperson of the Corporate  
Governance Committee



**Mrs. Kongkeaw Piamduaytham**  
Member of the Corporate  
Governance Committee

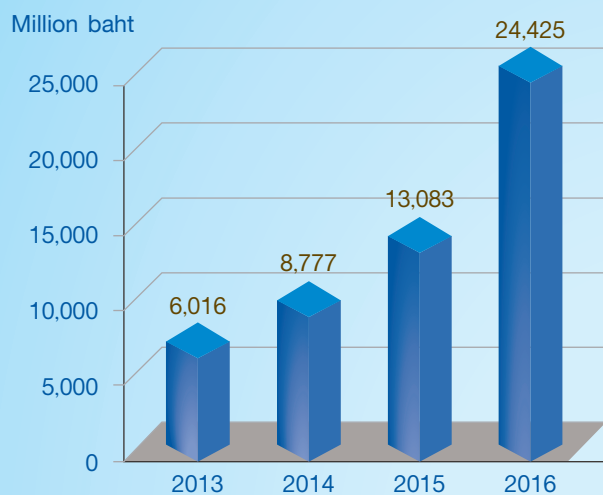


**Mr. Chuchat Petaumpai**  
Member of the Corporate  
Governance Committee

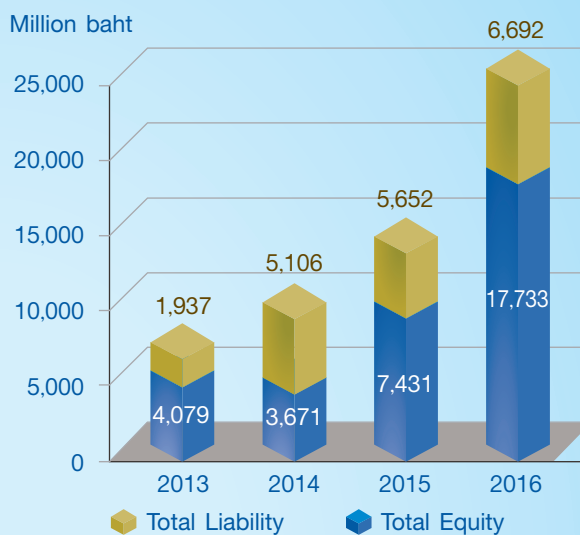


## Summary of Financial Information

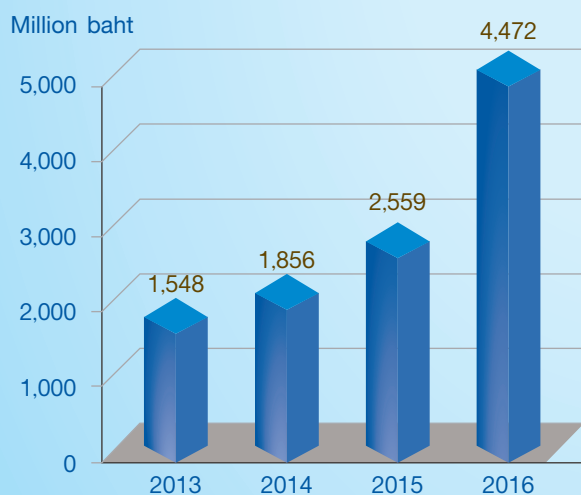
Total Assets



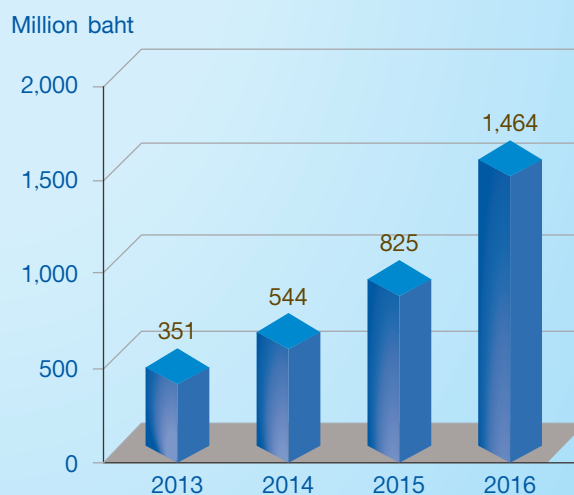
Total Liabilities and Equity

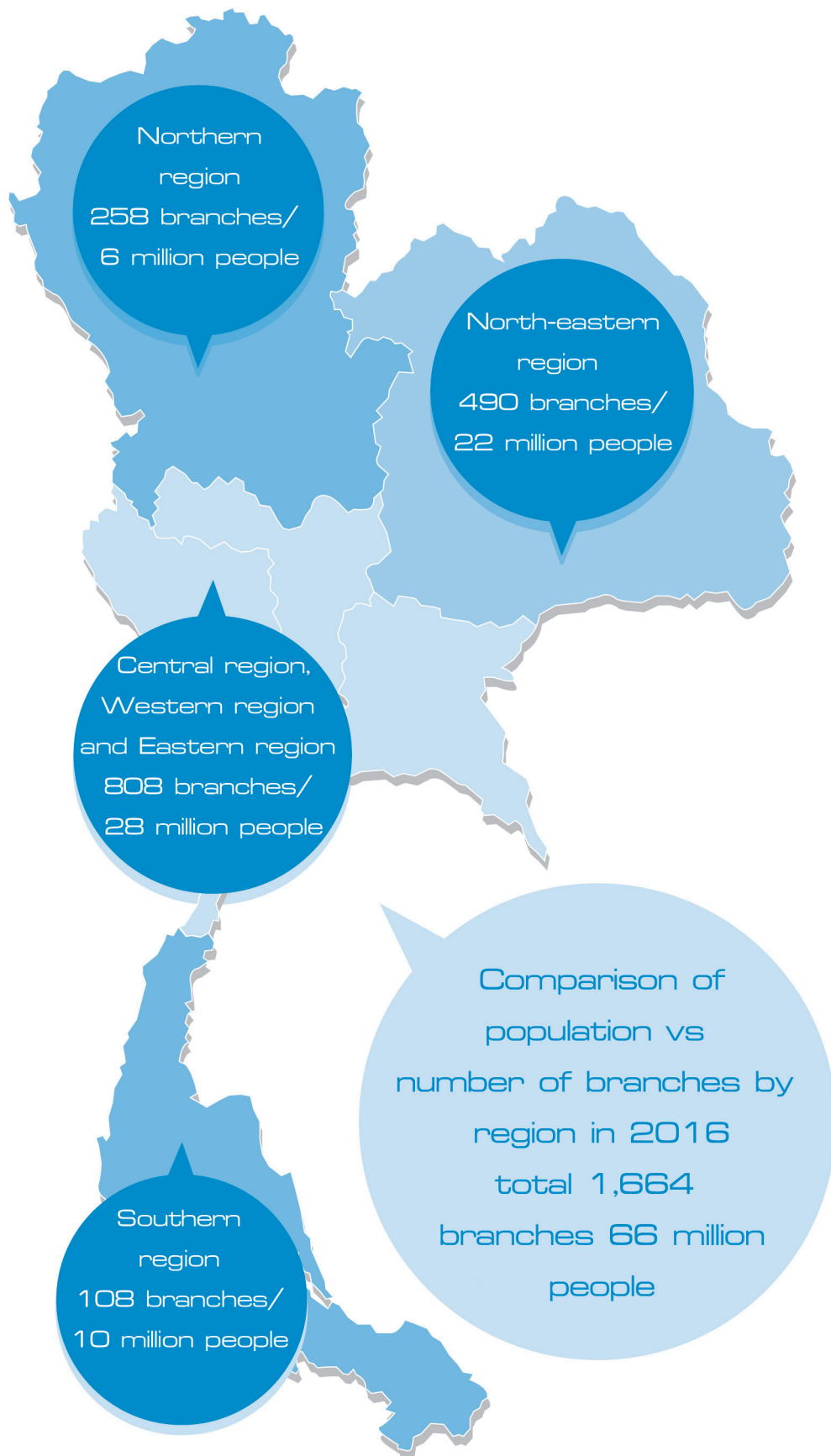


Total Revenue



Total Comprehensive Income





# 1. Company's Policy and Overview of Business Activities

Muangthai Leasing Public Company Limited ("the Company"), formerly named D.S.Leasing Company Limited, was founded by Mr.Chuchat Petaumpai and Mrs.Daonapa Petumpai on the registration date of 22 May 1992 with the head office located at 13 Soi Charansanitwong, Bang-or, Bangplad, Bangkok. The initial registration capital was 2 million baht and the business objective was to provide hire purchase loan for new and used motorcycle of all brands. Channeling through its dealers in Phitsanu and other provinces in the lower northern region like Sukhothai, Kamphaengphet, Pichit, etc., the Company had serviced various groups of customer i.e. fixed income employee (daily and monthly paid), farmer and other self-employed individual. After that, the Company has increased the product lines by offering the vehicle title loan (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other agricultural trucks, which enabled the Company to service more groups of customer. In 2001, the Company has changed its name to Muangthai Leasing Company Limited on 28 August 2001 and stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. When there were more service providers, the industry became highly competitive.

In 2006, the Company envisioned an opportunity to expand by entering the consumer lending industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through its own branches.

In 2015, the Company has introduced more products to meet different needs of our customers i.e. Nano Finance (Retail loans for professionals under BOT's supervision), of which the Company has received permission from the Ministry of Finance on 26 May 2015. Another new product offered is Land Title Deed Loan.

As the Company's main target customers were local people who lived in the nearby neighbourhood areas, we had emphasized on building good relationship with customers, using slogan of "Intimate services like closed family members". As a result the Company has well gained customer trust and received repeated business. In order to support the growth, the Company has continually expanded its branch network to cover more service areas throughout the country. As of 31 December 2016, the Company had total 1,664 branches.

## 1.1 Vision, Objectives and Business Goal

### Vision

"We will maintain our leadership as #1 in the vehicle title loan business nationwide by focusing on providing the best customer service and always putting customers and shareholders first"

### Mission

- The Company will expand our service channel to cover all regions in Thailand.
- The Company must gain the most market share as ranked #1 in each and every area that we operate.
- The Company will achieve the highest amount of loans per employee comparing to others in the same industry.
- The Company will focus on the monitoring and debt management using MTL Model as a tool.
- The Company will provide service excellence for the highest customer satisfaction.



## 1.2 Key Milestones and Achievements

Key milestones and achievements of the Company during 2012-2016 are listed below.

### Year 2016

- Opened more branches to expand service areas in each region; 87 more branches in the North, 282 more branches in the North-East, 282 more branches in the Central, and 73 more branches in the South. Total number of new branches was 724 branches.
- Launched more channel for customer to pay back through Counter-Service.

### Year 2015

- Launched a new product of Land title deed loan (personal loan with land title deed as collateral).
- Started a Nano Finance business with a permission granted from Ministry of Finance dated 26 May 2015.
- Expand branch network in the Southern region by opening the first southern branch in Suratthani province.

### Year 2014

- Opened the third auction center in Chonburi province to facilitate the auctions for branches throughout the Central and the Eastern region. The first auction was on 21 February 2014.
- Opened the fourth auction center in Khonkaen province to facilitate the auctions for branches throughout the North Eastern region. The first auction was on 20 March 2014.
- The annual general shareholders' meeting in 2014 which was arranged on 28 April 2014 has approved the Company to proceed the followings:
  - Transforming to public company limited
  - Changing the par value of 100 baht per share to 1 baht per share
  - Increasing the registered capital of 545 million baht so that the Company's capital increased from the former 1,575 million baht to 2,120 million baht, by issuing 545 million new common shares with the par value of 1 baht with the allotment as follows:
    - (1) 502.50 million right-offering shares offered to the public
    - (2) 42.50 million right-offering shares offered to directors, executives and employee of the Company and/or its subsidiary
    - (3) On 26 November 2014, the Company's common shares was started trading in the Stock Exchange of Thailand for the first time. As of 31 December 2014, the Company has total 506 branches.

### Year 2013

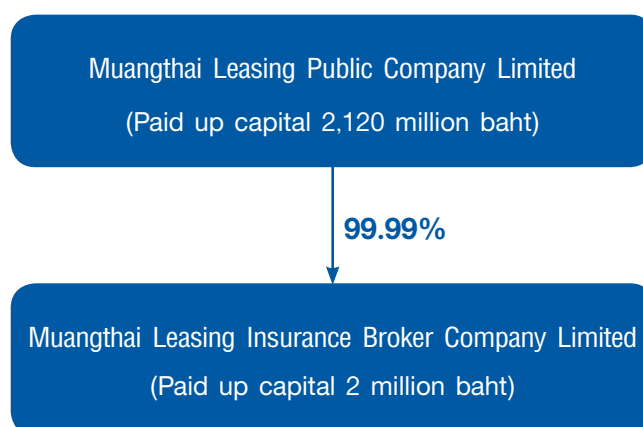
- Increased the registered capital of 315 million baht, from 1,260 million baht to 1,575 million baht, by issuing new common stock of 3,150,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio.

### Year 2012

- Increased the registered capital of 160 million baht, from 1,100 million baht to 1,260 million baht, by issuing new common stock of 1,600,000 shares with the par value of 100 baht. The shares were offered to the existing shareholders and the fund were used for expanding lending portfolio.
- Opened the first and second car auction centers, in Phitsanuloke province and Ayudhaya province to facilitate the auctions for branches throughout the Northern, the Central and the Eastern region.

### 1.3 Shareholding Structure of the Company and its subsidiary

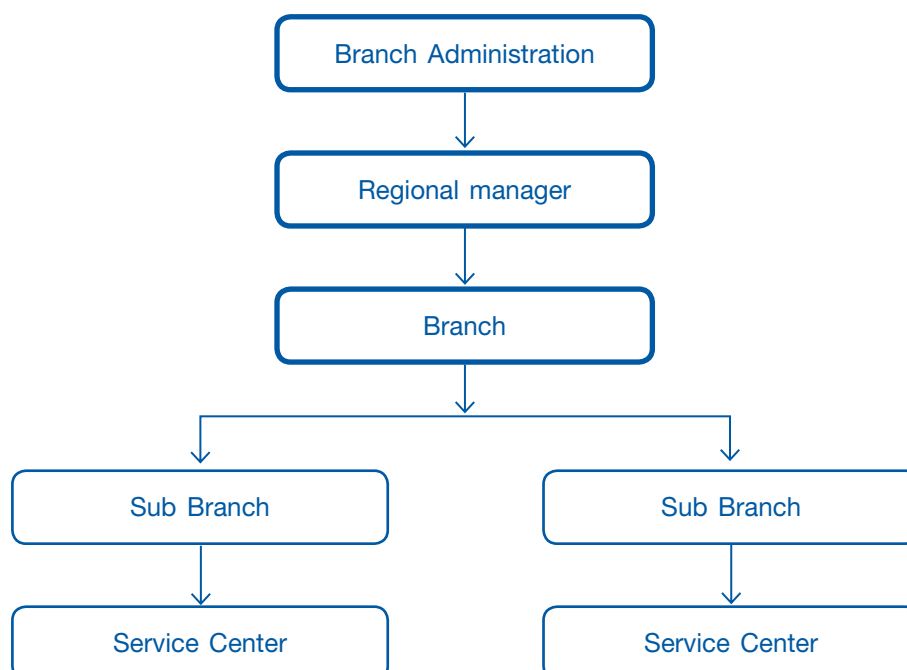
As of 31 December 2016 the shareholding structure of the Company and its subsidiary was as follows:



### Business Operations of the Company and its subsidiary

#### 1.4 Muangthai Leasing Public Company Limited

Muangthai Leasing Public Company Limited operates business of providing vehicle title loan, land title deed loan and nano finance for individuals through the Company's branches which covering most area in the country. Our branches are located in Northern region, North-eastern region, Central region, Eastern region, Western region and Southern region. The Company's branch structure comprises branches, sub branches and service centers. The branches are under supervision of regional managers who directly report to Branch Administration Department as shown below.





As of 31 December 2016, the Company had total 1,664 branches with services summarized below.

#### **1.4.1 Vehicle Title Loan Business**

The Company provides vehicle title loan to individuals for all types and models of new and used automobiles including motorcycles, cars and agricultural trucks. The customer who applies for loan will have to deliver the original registration to the Company's custody as collateral without any requirement to record the ownership transfer in that vehicle registration.

- (a) Business of providing motorcycle title loan - is the lending service to individual who owns the motorcycle and has the motorcycle in possession.
- (b) Business of providing car title loan - is the lending service to individual who owns the car and has the car in possession. Types of car that can use the Company's loan service are passenger car, commercial used car, van, 6-wheel truck and 10-wheel truck.
- (c) Business of providing agricultural car title loan - is the lending service to individual whose career must be agriculturist and who owns the agricultural car and has the car in possession. Types of agricultural car that can use the Company's loan service are tractors and Thailand car.

#### **1.4.2 Personal Loan Business**

The Company provides service of unsecured lending personal loan only to customers who took vehicle title loan from the Company in the past and had good payment history. The Company has received permission from the Ministry of Finance to operate personal loan business under supervision of the Bank of Thailand on 31 August 2006.

#### **1.4.3 Land Title Deed Loan Business**

The Company provides service of land title deed loan, of which the customer will have to deliver the deed to the Company as collateral. The Company provides options for the customer whether to register the pledge at land office or not depending on the needed amount of loan and interest rate.

#### **1.4.4 Nano Finance Business**

The Company provides service of nano finance, which is unsecured consumer loan for professionals, to existing vehicle title loan customers with good payment history. The Company has received permission from the Ministry of Finance to operate nano finance business under BOT's supervision on 26 May 2015.

### **1.5 Muangthai Leasing Insurance Broker Company Limited ("MTLI")**

MTLI was registered to operate on 4 February 2011 with the paid-up capital of 2 million baht which divided into 20,000 common shares at the par value of 100 baht each. Presently, the Company is holding 19,998 shares in MTLI which equals to 99.99% of the paid-up capital.

MTLI operate the business of insurance broker by selling policy of compulsory motor insurance for motorcycle and cars as well as personal accident policy. MTLI received the license to operate insurance broker business in accordance with the Non-Life Insurance Act B.E.2535 from the Office of Insurance Commission ("OIC") on 4 May 2011.

## 2. Business Operations

### 2.1 Revenue structure of the Company and its subsidiary

Types of Income	Year 2013		Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Interest Income								
- Vehicle Title Loan	1,299.42	83.93	1,562.30	84.17	2,161.07	84.45	3,772.13	84.35
- Personal Loan	1.64	0.11	5.12	0.28	64.02	2.50	247.21	5.53
Total Interest Income	1,301.06	84.04	1,567.42	84.45	2,225.09	86.95	4,019.34	89.88
Fee & Service Income <sup>1)</sup>	238.19	15.38	279.32	15.05	317.29	12.40	436.07	9.75
Other Income <sup>2)</sup>	8.99	0.58	9.34	0.50	16.56	0.65	16.59	0.37
<b>Total Income</b>	<b>1,548.25</b>	<b>100.00</b>	<b>1,856.08</b>	<b>100.00</b>	<b>2,558.94</b>	<b>100.00</b>	<b>4,472.00</b>	<b>100.00</b>

Remark: <sup>1)</sup> Fee & Service Income consisted of loan processing fee, penalty and collection fee, brokerage fee for MTLI's policy selling.

<sup>2)</sup> Other Income consisted of fee of information service fee from insurance companies, fee collected from MTLI, profit from assets sold, foreclosure fees, etc.

### 2.2 Services provided by the Company

The Company operates businesses of providing vehicle title loans and personal loans to individuals. Following are details of each loan service characteristic.

#### 2.2.1 Vehicle Title Loan Service

Vehicle title loan is the service of lending out to individual who has owned the vehicle for the period of time that is not less than the period specified by the Company, or who has shown solid evidence that his/her next of kin has own the vehicle, to ensure that the loan applicant has actually owned the vehicle. Customers who applied for the loan will have to deliver the original vehicle title/registration to the Company's custody as collateral. The customers are not required to transfer the ownership of the vehicle but will have to sign in Memorandum of Understanding to acknowledge the agreement. In case that the borrower fails to pay back the debts partially or in total, he/she agrees to transfer the right of ownership and to deliver the vehicle to the Company. Also, the borrower is requested to sign in Power of Attorney and Request to Transfer form, which are the official documents of the Department of Land Transport. By the way, the customer/borrower still has ownership of the vehicle, of which its title used as collateral, and can use such vehicle as normal.

If the customer failed to pay the instalment for 2 consecutive times or more, the Company is titled to foreclose the collateral. The Company will send the notice to terminate the contract by registered mail to the borrower and the guarantor. In case either the borrower or the guarantor does not contact to pay off the loan within the time frame, the Company can process to sell the vehicle through the Company's auction centers.

The Company's service of Vehicle Title Loan is divided into 3 categories in according to the types of vehicle which is used as collateral.

- (1) Motorcycle Title Loan
- (2) Car Title Loan
- (3) Agricultural Car Title Loan





During 2013-2015, the Company had signed contracts of vehicle title loans with total of 713,678 contracts, 834,994 contracts and 1,079,968 contracts respectively. The total lending amounted to 9,824 million baht, 12,412 million baht and 19,133 million baht respectively. The loan growth was 26.34 percent and 54.14 percent year on year. The main product with the highest lending amount was motorcycle title loan, representing 65-89% of total lending in 2013-2015. Car title loan was the second rank, representing 10-29% of total lending in year 2013-2015. The balances of loan to customers (vehicle title loans) at end-year 2013-2015 were 5,826 million baht, 7,413 million baht and 11,927 million baht respectively.

In 2016, the Company has signed total of 1,494,737 vehicle title loan contracts with total loan amount of 30,950 million baht and the balance of loan to customer (vehicle title loans) was 19,470 million baht as of 31 December 2016.

## **2.2.2 Other Loans**

### **Personal Loan Service**

The Company provides service of personal loan under supervision of the Bank of Thailand by receiving the license from Ministry of Finance on 31 August 2006. The Company has policy to provide personal loan only to the ex-customers who used to receive vehicle title loan from the Company and had good payment history. Since personal loan is an unsecured lending, the Company will approve the credit limit at its discretion. The Company also set the condition about guarantor for the specific amount of loan requested. The customer will be required to provide guarantor who must own a house or who works as government official. The Company considers that the guarantor must have secure employment and permanent resident, which will minimize the risk of borrower unable to pay back the debt. For personal loan, the Company allows instalment period of 6-30 months with flat-rate interest.

### **Land Title Deed Loan Service**

Land title deed loan is a lending service for retail customers who own a piece of land. The customer requesting the loan is required to deposit the land title deed with the Company as collateral; the approval criteria and loan process are subjected to the Company's requirement.

### **Nano Finance Service**

The Company provides service of nano finance under BOT's supervision by receiving the license from Ministry of Finance on 26 May 2015. The Company has policy to provide nano finance only to the ex-customers who were granted vehicle title loans from the Company and had good payment history. Being an unsecured loan, nano finance will be approved when customers state their purpose to use the obtained cash for their business operation only. The Company provides a specific credit limit for this product and customers are required to provide guarantor who must own a house or who was the Company's ex-customer with good payment history. The Company considers the fact that the guarantor with secure employment and permanent resident will minimize the risk of default borrowers. For nano finance, the Company allows instalment period of 6-36 months with flat-rate interest.

During 2013-2015, the Company had signed contracts of other loans with total of 4,112 contracts, 13,864 contracts and 114,037 contracts respectively. The total lending amounted to 16.61 million baht, 58.57 million baht and 1,098.29 million baht respectively. They were 0.17%, 0.47% and 5.43% of the Company's total lending each year. The balances of loan to customers (other loans) were 9.60 million baht, 34.32 million baht and 703.49 million baht respectively.

In 2016, the Company has signed total 337,598 contracts of other loans with total loan amount of 6,766.82 million baht and the balance of loan to customer was 4,070.72 million baht as of 31 December 2016.

#### Total Lending Amount Classified by Type of Loan

Types of Loan	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	9,823.84	99.83	12,412.42	99.53	19,133.32	94.57	30,949.90	82.06
Other Loans	16.61	0.17	58.57	0.47	1,098.29	5.43	6,766.82	17.94
<b>Grand Total</b>	<b>9,840.45</b>	<b>100.00</b>	<b>12,470.99</b>	<b>100.00</b>	<b>20,231.61</b>	<b>100.00</b>	<b>37,716.72</b>	<b>100.00</b>
<b>Average Lending per Branch</b>	<b>23.71</b>		<b>24.60</b>		<b>21.52</b>		<b>22.67</b>	

#### Total Lending Contracts Classified by Type of Loan

Types of Loan	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16	
	Number of Contract	%	Number of Contract	%	Number of Contract	%	Number of Contract	%
Vehicle Title Loan	713,678	99.43	834,994	98.37	1,079,968	90.44	1,494,737	81.57
Other Loans	4,112	0.57	13,864	1.63	114,037	9.56	337,598	18.43
<b>Total</b>	<b>717,790</b>	<b>100.00</b>	<b>848,858</b>	<b>100.00</b>	<b>1,194,005</b>	<b>100.00</b>	<b>1,832,335</b>	<b>100.00</b>

#### Total Balance of Loan to Customer Classified by Type of Loan

Types of Loan	31-Dec-13		31-Dec-14		31-Dec-15		31-Dec-16	
	Million THB	%	Million THB	%	Million THB	%	Million THB	%
Vehicle Title Loan	5,825.83	99.84	7,413.41	99.54	11,926.71	94.43	19,470.52	82.71
Other Loans	9.6	0.16	34.32	0.46	703.49	5.57	4,070.72	17.29
<b>Total</b>	<b>5,835.43</b>	<b>100.00</b>	<b>7,447.73</b>	<b>100.00</b>	<b>12,630.20</b>	<b>100.00</b>	<b>23,541.24</b>	<b>100.00</b>
<b>Average Loan Balance per Branch</b>	<b>14.06</b>		<b>14.72</b>		<b>13.44</b>		<b>14.14</b>	

Remark : Balance of Loan to Customer calculated from Loan to Customer (amount of lending stated in the contracts) less Deferred Revenue.

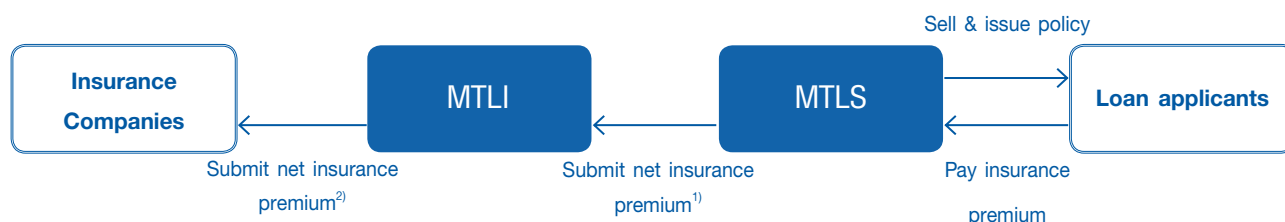
## 2.3 Products provided by the Company's Subsidiary

Muangthai Leasing Insurance Broker Co., Ltd ("MTLI") operates business of non life insurance broker by receiving non life insurance brokerage license under the Non-life Insurance Act B.E.2535 from the Office of Insurance Commission ("OIC") on 4 May 2011. Presently the non-life insurance policies which MTLI sells as a broker include Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance.



As a broker, MTLI is responsible to contact various Insurance companies to sort out products related to non-life insurance for the Company's customers. In selling policy, MTLI must do it through the Company's channel of branch and service center only. The Company has a policy that requires staff in certain positions, of which currently are head of accounting team, head of analyst team, head of collection team, to take OIC's examination to get non-finance broker license in order that each branch will be able to sell and issue 3 types of insurance policies, Por Ror Bor Motorcycle, Por Ror Bor Motor Car and Personal Accident Policy. This provides convenience to customers who visit the Company's branches to apply for vehicle title loan.

MTLI's earnings are brokerage fee from related insurance companies at the agreed rate. In 2014 to 2016, MTLI had earned total brokerage fee of 17.30 million baht, 21.39 million baht and 27.06 million baht respectively. While the Company received information service fee from each insurance company, in return of using the Company's nationwide branches and service centers as a channel to contact customers in order to sell insurance policy. In 2014 to 2016, the Company had earned total information service fee of 1.65 million baht, 2.08 million baht and 5.21 million baht respectively.



Remark : <sup>1)</sup> MTLS submit net insurance premium, after deducting information service fee, to MTLI  
<sup>2)</sup> MTLI submit net insurance premium, after deducting brokerage fee, to Insurance companies

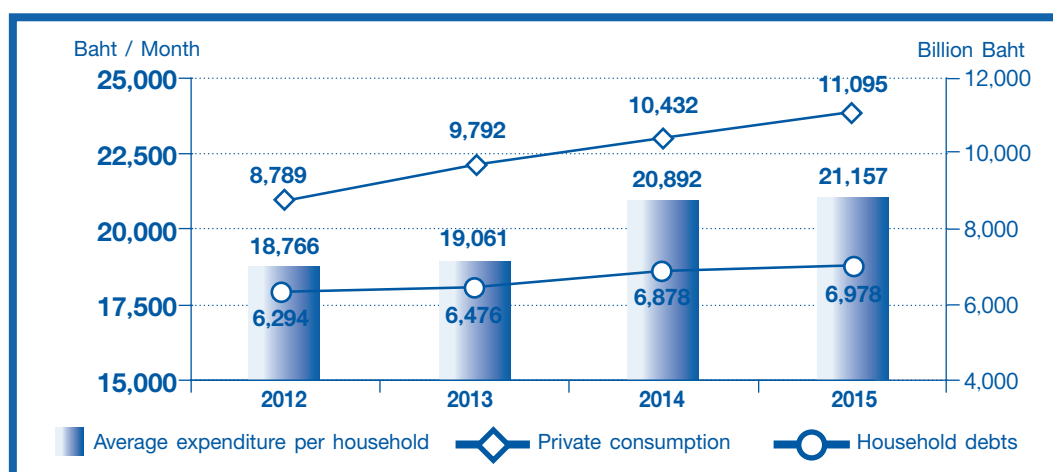
## 2.4 Markets and Competition

### 2.4.1 Industry of Vehicle Title Loan and Personal Loan

Vehicle title loan or Loan against vehicle registration, the core business of the Company, is classified as household lending products, of which the growth rate during 2013-2015 was averagely 5.92% each year which was higher than the growth rate of Thailand Gross Domestic Product (GDP) which was 3.81% each year. The major supporting factor is the growing consumption of the household sector which increased from 6,476 billion baht in 2013 to 6,978 billion in 2015 which equaled to 3.81% growth rate. There were signals of household debt slowly dropped in many financial institutions. However, the outstanding of household debt in the second half of 2016 gradually increased from home loans and consumer credit. Major lenders to households were commercial banks and specialized financial institutions.

In 2016, Thailand economy has continually recovered, driven by domestic spending both the public expenditure and private consumption. Tourism sector also played a major role in supporting the economic recovery while the export was considerably low in line with the sluggish economy of our main export partners. There was a tendency that inflation rate would remain low resulting from the low world crude oil price. However the inflation was expected to become positive when the domestic demand recovered resulting from the lower oil price.

The Bank of Thailand's Business Outlook Report stated that business condition in the first quarter of 2017 is expected to continue expanding. Private consumption is expected to continue improving from the recovery of both agricultural and non-agricultural incomes, in line with the overall economic recovery. The tourism sector is expected to recover, reflecting from the rising number of advanced bookings and the increasing tourism confidence index. Also, there are continued measures from both public and private sectors to support tourism promotion. Many tour operators have adjusted their marketing strategy to attract quality and high-spending tourists. Meanwhile, exporters view that the export will increase in line with the economic recovery of the trading partners and the world economy. Nevertheless, some businesses have highlighted concerns about the impact of U.S. trade policy against China on the Thai exports. The real estate sector is expected to expand moderately as launching of projects was postponed to the last quarter of 2016. The private investment is expected to remain subdued as a result of gradual recovery of both domestic and external demands and firms' sufficient production capacity to meet existing orders. Lastly, businesses are confident that clear and concrete government infrastructure projects and development of special economic zones will be the supportive factor for the overall investment going forward



Source : The Bank of Thailand and The National Statistical Office of Thailand

Apart from the above, the major factor that supported the Company's vehicle title loan business growth is the growth of motorcycle and car industry. According to statistics from Department of Land Transport, number of cumulative vehicle registered in Thailand during 2012-2016 increased continuously from 32.47 million cars in 2012 to 37.34 million in 2016, equaling to 3.55% average growth rate. Motor car industry has been expanding in alignment with the expanding country's economy and motor vehicles are, more and more, considered as one of the basic daily need products for people in Thailand. When we considered the statistic of vehicle registered, type of vehicle registered the most is motorcycle with the percentage of 55-59% of the total cumulative vehicle registered each year and the average growth rate of 1.69% year on year. In comparison, the percentage of car registered was 37-40% of the total cumulative vehicle registered each year and the average growth rate of 6.13% year on year. In 2016, the total vehicle registered was 37.33 million units comparing to 36.73 million at the same period of previous year which was 1.65% increase. Motorcycle still had the highest number of vehicle registered; 54.84% of the total cumulative vehicle registered, decreasing by 0.11% from the previous year. While cars occupied 40.18% of the total cumulative vehicle registered, equaling to 4.04% growth.



The continually increased number of vehicle registered throughout the country reflected the tendency of increasing number of the Company's target customers, those who are able to give their car registration or motorcycle registration as collateral. Therefore, the management believes that the Company's business will grow continually in the future.

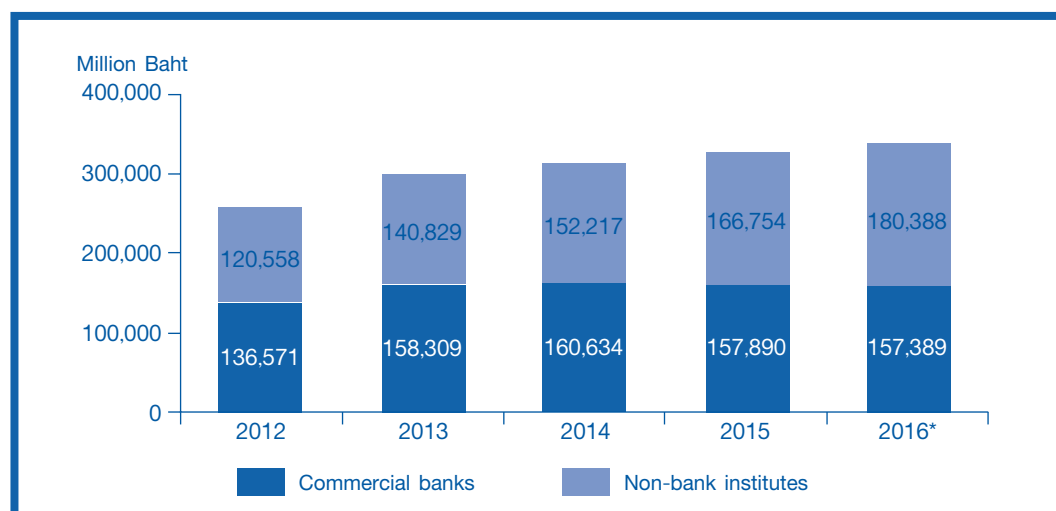
**Table of Number of Cumulative Vehicle Registered throughout Thailand during 2012-2016**

Type of Vehicle	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016
Motorcycle	19,147,225	19,964,990	20,305,708	20,497,563	20,475,269
Cars	11,827,710	13,023,547	13,793,784	14,421,267	15,003,774
Trucks and Buses	1,037,334	1,104,231	1,153,369	1,184,503	1,213,516
Farm Vehicles	428,843	495,182	545,380	589,784	606,262
Other Vehicles	35,865	36,456	36,939	37,906	39,318
<b>Total</b>	<b>32,476,977</b>	<b>34,624,406</b>	<b>35,835,180</b>	<b>36,731,023</b>	<b>37,338,139</b>

Source : Department of Land Transport

For personal loan, the industry was continuously growing. During 2012-2016 (as of the end of November 2016), total personal loan amount in the whole banking system, bank and non-bank, increased from 257,129 million baht in 2012 to 337,777 million baht in 2016, equaling to average growth rate of 4.13% each year. Such growth resulted from the commercial banks' policy to focus more on personal loan products. Since personal loan brought in high interest income, the market was highly competitive with many campaigns to arouse its customers, both existing and new, to use more loan facilities. However, considering the growth of personal loan market as at the end of November 2016, the expansion increased by 4.05% from the year end of 2015. This was due to the increasing demand for all types of household loans, increasing consumer purchasing power especially from farmer segment with increasing productivity. Also the government stimulus programs still continued while in some group of consumer the debt burden from the first car campaign has been gradually paid-off.

**Personal Loan Performance of the Banking System in 2012-2016**



Source : The Bank of Thailand

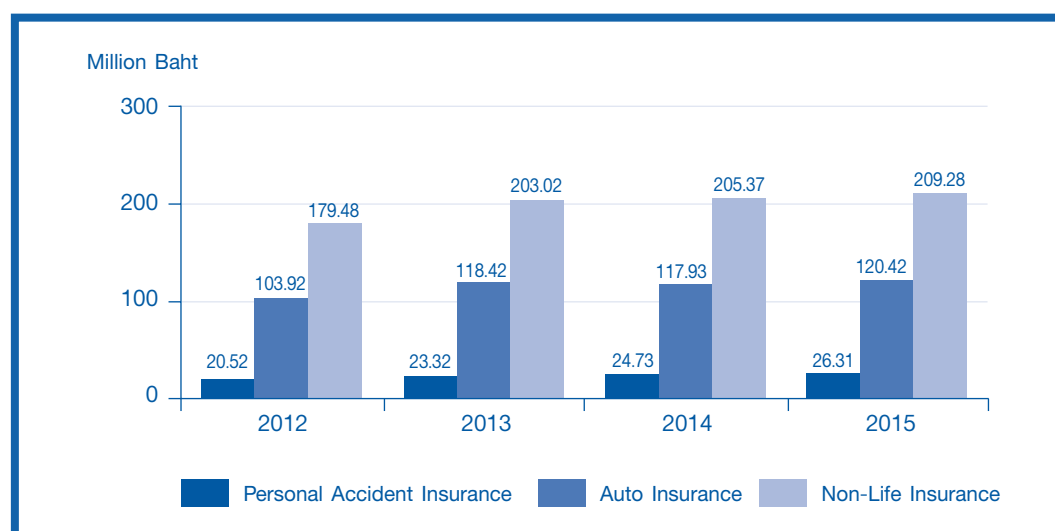
\* : As at 30 November 2016

## 2.4.2 Non-life Insurance Industry

Non-life insurance business expanded in the same direction as the country's economic growth. During 2012-2015 the direct premium of non-life insurance business continuously increased from 179.48 billion baht in 2012 to 203.02 billion in 2013, 205.37 billion in 2014 and 209.28 billion in 2015 which equaling to growth rate of 13.10%, 1.16% and 1.90% respectively. It is notable that the total direct premium in 2015 has significant increased from year 2012 with the average growth of 5.25% each year. Resulted from the big flood in late 2011, Thai people in both industrial and household sectors were more interested in buying non-life insurance policy to help protect them from the future flood damages. Such crisis has increased more understanding, to both entrepreneur and ordinary household, of how to use insurance as risk management tool. Other supporting factors were economic factors including the expansion of manufacturing sector, consumer expenditure, public and private investment as well as export growth.

When considering only the type of insurance which related to the business of Muangthai Leasing Insurance Broker Co., Ltd ("MTLI"), the Company's subsidiary, whose products comprised Policy of Compulsory Protection for Motorcycle Victim (Por Ror Bor Motorcycle), Policy of Compulsory Protection for Car Victim (Por Ror Bor Motor Car) and Policy of Personal Accident insurance, it is notable that the direct premium of automobile insurance increased from 103.92 billion baht in 2012 to 120.42 billion in 2015 equaling to average growth of 5.03% each year. This premium consisted of (1) direct premium of compulsory automobile insurance, which increased from 12.20 billion baht in 2012 to 16.29 billion in 2015 equaling to 10.12% growth per year and (2) direct premium of voluntary automobile insurance which increased from 74.66 billion baht in 2012 to 104.13 billion in 2015 equaling to average 11.73% growth per year. For direct premium of Personal Accident insurance, the growth is also consistent, from 20.52 billion baht in 2012 increasing to 26.31 billion in 2015 which equaling to average 8.63% growth rate per year.

### Direct Premium of all Types of Non-Life Insurance in year 2012-2015



Source : Office of Insurance Commission





### 3. Risk Factors

The Company's key risk factors and the preventive approach are summarized as follows.

#### 3.1 Risk from competitiveness in the vehicle title loan industry

As the Company's executives have a long experience in vehicle title loan industry for over 24 years and have a thorough knowledge of the business as well as a good understanding of target customer's behaviors, they are highly capable of creating a proper and efficient direction for the Company's operation. The key strategy is to provide our customers with friendly and mindful services as per the Company's slogan of "Intimate services like closed family members." The Company's customers impressed when using its services so that they came back and recommended their families and friends to use the Company's services. As a result, the Company has been able to expand the business continually. At the end of year 2016, the Company has signed over 1,800,000 loan contracts. By the way, the Company also emphasizes on cautious loan approval processes, allowing a proper credit limit for each customer, and deploying effective loan management and collection processes. The Company's management is confident that the Company will not be affected from the competitiveness in the vehicle title loan industry.

#### 3.2 Risk from the quality of borrowers

The Company's lending services focus on the group of customers with mid-range and low income who could not access the lending services from commercial banks, for example, factory worker, general labor, and farmer etc. Since this customer group does not have fix income, they have high tendency to default payment. The Company might be impacted with high ratio of non-performance loans, which will affect the Company's provision and its business results.

Besides providing loan amount that must be in line with the value of the collateral, the Company's loan approval process emphasizes on the verification of loan applicant's and his/her guarantor's personal information to ensure ability to payback. The Company also has effective loan management and collection system which help mitigate the risk of non-performance loan. In addition, the Company employs the practice of Single Limit which states a single credit limit that applies to any combination of all types of loan for one borrower. This will limit the maximum losses of each debtor, which in a way helps minimize the risk. With the above mentioned policy, the Company was able to maintain a low ratio of non-performing loans to total loans. During 2013-2016, the Company's NPL ratio was 1.99%, 1.37%, 0.92% and 1.07% respectively.

#### 3.3 Risk from failure to foreclose the collateral

The Company's core business is to provide vehicle title loan. Customers are required to use their own motorcycle, car or agricultural car/farm vehicle as collateral but do not have to register the transfer of ownership. In case the customers failed to pay the installment for 2 consecutive times or more, the Company is entitled to foreclose the collateral and sell those vehicles through the Company's auction centers. However, as this type of collateral is an easy-to-move asset, it might be difficult to trace and foreclose. If the Company fails to foreclose and sell out these collaterals, it will have negative impact to the Company's financial position and business results.

To minimize the possibilities of unable to foreclose the collaterals, the Company set specific customer qualifications that the borrower must live locally, being a resident or working nearby the branch location. Branch staff that processes the loan request must check and validate the accuracy of address information and must be able to closely monitor each and every customer/borrower. Additionally, the fact that the Company has branches located all over the country means the better network to trace and foreclose the default collaterals.

### 3.4 Risk from selling the foreclosed assets

The Company's selling process of the foreclosed assets is a public sale at the Company's auction centers. Presently, the Company has established 4 centers which are Phitsanuloke Auction Center, Ayudhya Auction Center, Chonburi Auction Center and Khonkaen Auction Center; all centers operate under the supervision and management of the Company. However, the Company has a risk to generate losses if the auctioned price is lower than the outstanding balance as the Company could not demand the default customer to pay the difference. So such losses will directly impact the Company's business performance.

The Company has emphasized the importance of granting proper credit limit, which needs to be in line with the value of the collateral. That means brand, model, popularity in market and physical appearance of the collateral must be taken into consideration. The Company also has a practice to review the pre-defined credit limit of each vehicle type once a year or when there was critical circumstance which might impact the business. In 2013-2015, the Company encountered losses from the disposal of foreclosed vehicles for 15.05 million baht, 13.49 million baht and 6.27 million baht respectively, representing 1.36%, 1.15% and 0.41% of total expenses. However, the Company focused more on collecting debts from customers than foreclosing the collaterals. So the number of foreclosed vehicles decreased from 12,883 cars and motorcycles in 2014 to total of 11,287 vehicles in 2015. In 2016, the number of foreclosed vehicles increased to 13,628 due to the expanding portfolio and the loss from the disposal of foreclosed vehicles was 15.25 million baht, equaling to the average loss of 1,119 baht per vehicle.

### 3.5 Risk from employee fraud

Since the Company's business is Retail Finance service which provides relatively small loan amount, only approximately 20,000 baht average per account, with a very large customer base, the Company needs to delegate the credit approval authorities to its branches and service centers in order to provide timely, effective and competitive services to the target customers. However, the Company is well aware of the chance of employee fraud so it has adopted strict measures to prevent employee fraud. Branch managers are required to review loan applications and all related documents and to verify customer's identity every time before approving the loan. For loans which are approved by sub branches or service centers which have only 2 staff, designated person by branch manager will perform verification with the customers via phone call before releasing the funds. In case any errors or unusual information found, he/she must immediately report to branch manager and Internal Audit team for further investigation and disciplinary actions. In case of employee committing fraud, he/she will have to take responsible for paying back the damage caused and will be dismissed immediately. The Company also has a policy to take legal actions against employee who conduct fraud, both as civil and criminal cases; the copy of final conviction will be disseminated to all branches to set the tone from the top regarding the Company's zero tolerance to employee fraud.

The Company has set the guideline for risk assessments and the guideline for fraud and corruption prevention and detection and for risk monitoring as follows.

1. Internal Audit shall review and ensure that the existing risk management and internal control processed are adequate, proper and efficient in order to build confidence in the transparency of the operations. The review must be submitted to the Audit Committee for approval before being executed by all related employees.
2. Internal Audit shall assess the impact of key risks in order to come up with effective internal controls.



3. Internal Audit shall perform regular auditing of staff compliance with the control procedures by random checks and customer contacts. The auditing results and recommendations for additional preventive measures shall be reported to the Company's management and the Audit Committee.
4. Related supervisors and managers shall regularly review customer contract and its support documents, physical count of cash in branch and promptly report any suspicious incident to their direct supervisor.
5. The Company shall provide channels for its employee to report any fraud or suspicious fraud incident to the management through mailing address, secured phone number and the Company's website. The Company shall guarantee to protect the whistleblower from any retaliation, being punished or dismissed.
6. When fraud or suspicious fraud is identified, the Branch Administration shall perform investigation and report the finding to the management and propose the disciplinary actions based on the finding.
7. The Company, by its district managers and branch managers, shall provide training to all new employees about the anti-fraud policy and related disciplinary measures; and regularly communicate to all employees regarding the Company's guidelines for fraud prevention.

On 28 September 2016, the Company has signed the letter of intent to join the Collective Action Coalition: CAC and submitted to the Thai Institute of Directors: IOD, which was a requirement process to get certification from the Private Sector Collective Action Coalition Council.

To report the incident of fraud or suspicious fraud (whistleblowing), all stakeholders may contact the Company Secretary at the following address.

Company Secretary

Address : Muangthai Leasing Public Company Limited

32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700

Tel : 0-2880-1033 Fax : 0-2880-1173

Website : <http://www.muangthaileasing.co.th/>

In 2016, the Company has carried out various anti-fraud and anti-corruption policy and practices. The Board of Directors agreed to include the anti-fraud and anti-corruption policy as a part of the Company's good governance policy according to the generally accepted standard of the implementation of anti-fraud and anti-corruption policy. The policy shall provide guidelines for the Company's management and employees not to demand, receive or offer to give any monetary or material benefits to related parties in return of personal or business gain; it shall also provide guidelines for communicating to management and staff at all levels to acknowledge and clearly understand the Company's anti-fraud and anti-corruption policy and practices. The Company has defined the roles and responsibilities, guideline/procedure for employee when exposed to fraud or corruption incident and channels for whistleblowing or filing complaint, to ensure that management and staff at all levels will be able to perform their duties accurately and appropriately. The Company has already implemented the policy as follows.

1. The Company has established the whistleblowing procedure, the whistleblower protection measures and the communication materials about the Company's anti-fraud and anti-corruption policy and practices to be used in new staff orientation program and to be published in the Company's website;

2. The Company has arranged the audit of control processes in key areas of operation i.e. procurement process, hiring process to ensure that the controls are in place and practical and to ensure that the operating procedures, rules and regulations are properly followed. The audit team has also provided recommendations on how to improve the work process to be more effective in the prevention and protection of fraud and corruption;
3. The Company has carried out the anti-corruption risk management program, including the risk identification, assessment and prioritization. Measures to control or mitigate the risks have been implemented, and then monitored and evaluated to ensure the program effectiveness.
4. The Company has communicated the anti-corruption policy and measures, and channels for whistleblowing or filing complaint to the public and all stakeholders through various methods i.e. the Company's website, the annual report.

Additionally, the Company has Internal Audit team who perform the operational auditing, focusing on loan approval and cash handling, at each branch on regular basis. Audit reports must be submitted to the Company's executives as well as the Audit Committee. All the above mentioned measurements help mitigate the employee fraud effectively as reflecting in the Company's losses from employee fraud. During the past 3 years and in 2016, the amount of employee fraud losses was 1.67 million baht, 0.22 million baht, 0.41 million baht and 1.23 million baht respectively, equaling to 0.11%, 0.01%, 0.02% and 0.03% of each year's total income. The management considered even though the number was relatively small when comparing to the size of the Company's business, the Company would still focus on fraud control continually.

### **3.6 Risk from the custody of data and important documents**

The Company's business operations are mostly relied on computer networks, storing critical data of its large customer base. If the system is down or encounters any circumstances that cause data loss or data leakage, it would be the major impact to the day-to-day operation. Therefore, the Company has set up the automatic data transferred system between the main server and the back-up server. In case the main server has problem the system will automatically switch to use data from the back-up server. The Company also has another back up process using portable hard disk to download critical data on weekly and monthly basis. For security reason, the Company has kept the hard disk in another office. In addition, the Company required all related employees to have personal user id and password when accessing the Company's database in order to control confidential data leakage.

Apart from computerized data, contract papers and other supporting documents like signed memorandum of ownership transfer, signed request to transfer the ownership, are also the important documents which must be used as evidence when processing the foreclosure or the court case when customer defaults payment. If these documents are lost or damaged by fire, it will impact the Company's operations and business results. In order to mitigate the risk, the Company has a policy to keep all these documents in an electronic form. Each branch is responsible for scanning all related documents and sending the file to the responsible unit at Head Office to keep in archive.



### 3.7 Risk from fluctuations in interest rates

One of the source of fund that the Company used are loans from commercial banks with floating interest rate while the Company's main income is interest income from customer loans which applied fixed interest rates throughout the contract period. Therefore, the increasing interest rate in the market will directly affect the Company's cost of fund and might impact the business operations. Being aware of this risk, the Company has arranged to replace the loans from financial institutes with new source of lower-interest fund in order to maintain more consistent interest spread level. The Company also sought for source of fund with fix interest rate and entered into interest swap contract to mitigate the risk from market fluctuations.

### 3.8 Risk from dependency on loans from external institutes as source of fund

The Company's main source of fund is loan from commercial banks. As of 31 December 2016, the Company had total line of credit of 18,579 million baht and the outstanding debt balance of 17,244 million baht, which were 72.03% of the Company's total source of fund. The outstanding debt balance comprised 10,315 million baht short-term loans representing 43.09% of total debt balance and 6,929 million baht long-term loan which was 28.94% of total debt. As some of the long-term loan was from commercial bank, in case the bank decides not to continue giving financial supports to the Company, it will impact the Company's liquidity as well as the business operations.

Therefore, the Company was prepared to manage this risk by exploring more sources of fund; spreading the risk of debt financing through debt instruments in bond market as well as loans from financial institutes.

### 3.9 Risk from increasing more debt burdens in the future

In the past 3 years, the Company has expanded its loan business continually. As of 31 December of year 2014, 2015 and 2016, the Company's net loan receivables were 7,122.74 million baht, 12,294.63 million baht and 22,895.60 million baht respectively. Due to the continued expansion, the Company may need to seek for more funds or incur more debts to support the business expansion, resulting in the risk of increasing more debt burdens.

The Company has prepared to mitigate the risk by contacting with various financial institutes to ensure sufficient funding for the business expansion as per the set target. However, the financial activities shall be based on the Company's financial structure and liquidity status, considering the best interest for the shareholders and all stakeholders.

### 3.10 Risk from more controls from regulatory bodies

The Company's core business is providing vehicle title loan and its main revenue is from interest income. The operation of this business is not under supervision of any regulatory bodies. The only regulation that the Company must comply is about the interest rate charged, which must not exceed the rate stated in the Civil and Commercial Code. And the Company has always complied with the regulation. However, if in the future there are any governmental offices have a policy which aims to supervise this type of business and standardize the business operations, the Company might get some impacts and that might affect its business results.

For personal loan business, the operation is under supervision of the Bank of Thailand. The Company must comply with the Prescribed Rules, Procedures and Conditions for operating personal loan business for non-bank operators, which specify the qualifications of loan applicant, guideline for setting credit limit, guideline for setting interest rate policy and other fee policy in order to create fairness for the Company's customers. The Company has always complied with all regulations. However, if BOT decides to change or add any regulations relating to personal loan business in the future, the Company is ready to conform even though it might affect the Company's operations and business results.

Being aware of this risk, the Company has been strictly complied with BOT regulations. Currently the Company has started applying guidelines that supervised by the Bank of Thailand i.e. loan loss provisions, revenue recognition and cease revenue recognition policy. Therefore, the Company is confident that the controls by regulatory bodies in the future will not significantly impact its operations and its competitive advantage.

### **3.11 Risk from the public policy to resolve the problem of informal loan outside the finance institution system**

According to the Ministry of Finance's Notification No 58 Re: Nano Finance for business operations under supervision and (No 13) Re: Interest rates chargeable by financial institutions on borrowers dated 26 December 2014, the ministry would issue permits to non-bank institutions to offer nano-finance to public in order to resolve problems of informal loan outside the finance institution system (loan sharks) and the low income people who does not access to the fund source. Micro commercial loan or "Nano finance" is a loan that will support the liquidity of small business operators who cannot access to the fund source i.e. commercial banks due to lack of collateral or guarantor. The Bank of Thailand has issued BOT notification no. sor no sir 1/2015 Re: Prescribed Rules, Procedures and Conditions for Undertaking Nano Finance under supervision for non-bank operators with following details.

1. Effective interest rate not exceed 36% per year
2. Principle not exceeding 100,000 baht per borrower
3. Borrower must have ability to pay back the loan
4. Objective of lending is for business operation

The Company's management is confident that this policy will open more windows of opportunity and the Company has received a permit for operating nano finance business from the Ministry of Finance since 26 May 2015.

### **3.12 Risk from dependency on the Company's executives in running the business**

Since the Company's executives has a long experience in the vehicle title loan business for over 24 years, they are highly competent in loan and collection management, collateral appraisal and understanding of borrower behaviors. The Company might encounter the risk from dependency on its executive in day-to-day operations if there are any changes in management team, which will affect its business operations. However, the Company has a clear goal to motivate its employee and management to work with the Company for a long-term. Most of the employee and executives has worked with the





Company since the business started. The Company also has a policy to reduce its staff turnover by providing training and development programs to staff at all levels. The programs included knowledge sharing and skill practices with the objectives to enhance the staff's skills, knowledge and understanding in their works. The Company also employs the policy to provide career paths to its employee so that they get advancement and grows with the Company.

### **3.13 Risk from having major shareholders holding over 50% of total shares**

As of 28 November 2016, Mr.Chuchat Petaumpai and Mrs. Daonapa Petampai held total of 1,438,056,400 shares of the Company, equaling to 67.83% of the total paid-up capital. As a result, both major shareholders hold the power to control the Company's business operations and could influent most of the Company's business decisions i.e. the nomination of directors or other subjects which require resolution from majority of shareholders, except the subjects that are required by law or Company's regulation to acquire a minimum vote of 3 in 4 of total shareholders. As such, other Company's shareholders have a risk of unable to collect sufficient votes to counterbalance the power of major shareholders in the shareholders meeting.

However, the Company has appointed the Audit Committee to be responsible for auditing, reviewing and considering all related issues in order to prevent any conflicts of interest in the future and to ensure transparencies in the Company's business operations. Additionally, the structure of the board of directors comprised 5 independent directors (including the Chairman) out of total 7 members. Only 2 executive directors are in the board. This board structure helps balancing the votes required in business decisions while the controlling of the Company is appropriate and highly effective.

## 4. General Information and Other References

### General Information

Company Name	: Muangthai Leasing Public Company Limited
Type of Business	: Provide financial services of vehicle title loan and personal loan
Head Quarter Address	: 32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700
Registration Number	: Bor Mor Jor 0107557000195
Home Page	: <a href="http://www.muangthaileasing.co.th/">http://www.muangthaileasing.co.th/</a>
Telephone	: 0-2880-1033
Fax	: 0-2880-1173
Total registered capital	: 2,120,000,000 Baht
Paid-up Capital	: 2,120,000,000 Baht
Type of Shares	: Common stock

### Other References

#### Share Registrar

Thailand Securities Depository Co., Ltd

62 The Stock Exchange of Thailand Building  
Rachadapisek Road, Klongtoey Bangkok 10110  
Telephone : 0-2229-2866  
Fax : 0-2359-1262-3

#### Company's Secretary

Ms. Monthon Orn-phan  
Muangthai Leasing Public Company Limited  
32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700  
Telephone : 0-2880-1033  
Fax : 0-2880-1173

#### Auditor

Ms. Somjai Khunnapasut  
Certified Public Accountant (Thailand) Registration No 4499  
EY Office Limited (Formerly known as Ernst & Young Limited)  
33rd Fl., Lake Rajada Office Complex,  
193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110  
Telephone : 0-2264-0777  
Fax : 0-2264-0789-90



## 5. Information on Securities and Shareholders

### 5.1 Registered capital and Paid-up capital

As of 31 December 2016, the Company had total registered capital of 2,120 million baht and Total paid-up capital of 2,120 million baht, divided into 2,120 million shares at par value of 1.00 baht per share.

### 5.2 Shareholder Structure

**Table of major shareholders (top 10) as of 28 November 2016**

No	Name	No of shares	Percentage
1	Petaumpai Family		
	Mr. Chuchat Petaumpai <sup>1</sup>	718,056,400	33.87
	Mrs. Daonapa Petumpai <sup>2</sup>	720,000,000	33.96
	Total shares held by Petaumpai family	1,438,056,400	67.83
2	Thai NVDR Co.,Ltd	73,299,409	3.46
3	Mr. Wasin Dejkitvikrom	66,532,100	3.14
4	Mr. Srisak Dejkitvikrom	29,347,699	1.38
5	Thai Life Insurance Plc.	17,205,600	0.81
6	Norbax, Inc.	16,816,000	0.79
7	Mrs. Jintana Boonsalee	14,142,100	0.67
8	K Master Pooled Fund	12,538,700	0.59
9	HSBC (Singapore) Nominee Pte.,Ltd	10,843,150	0.51
10	Other shareholders	441,218,842	20.82
<b>Total</b>		<b>2,120,000,000</b>	<b>100.00</b>

Remark : 1 Mr. Chuchat Petaumpai is the Company's Director and Chairman of the Executive Committee

2 Mrs. Daonapa Petumpai is the Company's Director and Managing Director

## 6. Dividend Payment Policy of the Company and its Subsidiary

The Company has a policy to pay dividend not exceeding 50% of the Company's net profit in the separated financial statements after deducting corporate income tax and the provisions required by law in each year.

The Company's subsidiary has a policy to pay dividend not exceeding 50% of its net profits after deducting corporate income tax and the provisions required by law in each year.

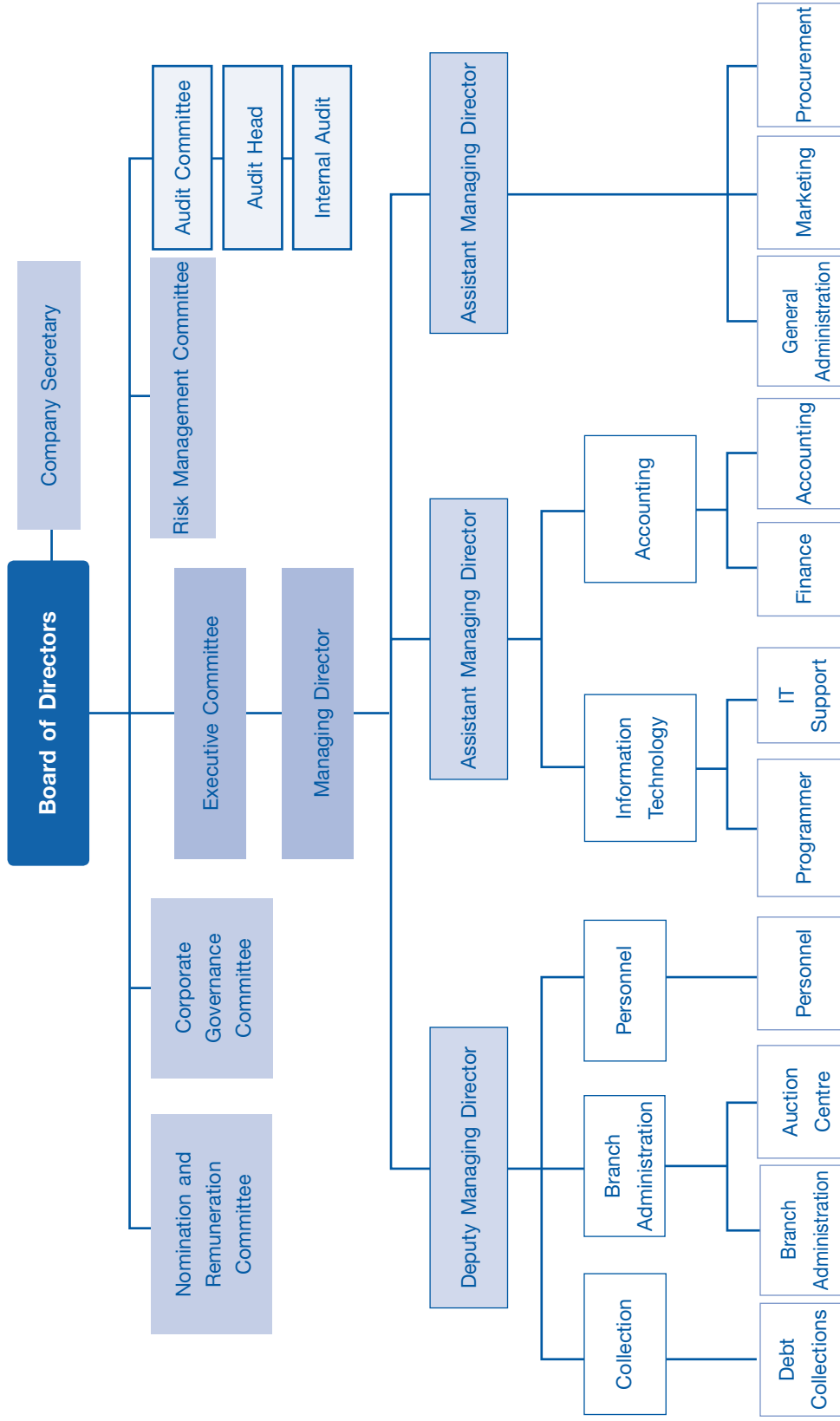
However, the Company may consider paying dividend in different manner from the policy, depending on the business results, financial status and liquidity, need of cash flow for business expansion as well as the country's economy.

On 21 April 2015, the annual general shareholders' meeting approved to pay dividend from the profit of year 2014 operation to common shareholders at 0.13 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 275.60 million baht.

On 22 April 2016, the annual general shareholders' meeting approved to pay dividend from the profit of year 2015 operation to common shareholders at 0.20 baht per share. For the total 2,120 million shares (with par value of 1 baht), total amount of dividend paid was 424.00 million baht.

## 7. Management Structure

### 7.1 Organization Structure





## 7.2 Board of Directors

As of 31 December 2016, the Board of Directors consisted of 7 directors as follows:

Name	Position	No of time attending the meeting/No of Meeting
1. Adm. Apichart Pengsritong	Chairman and Independent Director	5/5
2. Mr. Chuchat Petaumpai	Director	5/5
3. Mrs. Daonapa Petampai	Director	5/5
4. Mr. Yodhin Anavil	Independent Director	5/5
5. Mrs. Kongkeaw Piamduaytham	Independent Director	5/5
6. Mr. Kampol Tatiyakavee	Independent Director	5/5
7. Mr. Chainoi Puankosoom	Independent Director	5/5

- There were total of 5 meetings of the Board of Directors as at 31 December 2016.
- There was no member of the Board who was in the director position longer than 9 years; and who was in the director position in over 5 listed companies.

Remark : Ms. Monthon Onphan was appointed as the Company's Secretary.

### Authorized Signatory

The Company's authorized signatories are Adm. Apichart Pengsritong or Mr. Chuchat Petaumpai or Mrs. Daonapa Petampai or Mr. Yodhin Anavil. It is required that any two of these directors jointly sign with the seal of the Company affixed.

## 7.3 The Audit Committee

The Company's Audit Committee comprised the following 3 independent directors:

Name	Position	No of time attending the meeting/ No of Meeting
1. Mrs. Kongkeaw Piamduaytham	Chairperson of the Audit Committee	4/4
2. Mr. Chainoi Puankosoom	Member of the Audit Committee	4/4
3. Mr. Kampol Tatiyakavee	Member of the Audit Committee	4/4

- There were total of 4 meetings of the Audit Committee as at 31 December 2016.

Remark : The Audit Committee has Mr. Chalerm Inhom, Audit Assistant Manager, as a Secretary.

#### 7.4 The Nomination and Remuneration Committee

The Company's Nomination and Remuneration Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/ No of Meeting
1. Mr. Yodhin Anavil	Chairperson of the Nomination and Remuneration Committee	1/1
2. Mrs. Kongkeaw Piamduaytham	Member of the Nomination and Remuneration Committee	1/1
3. Mr. Kampol Tatiyakavee	Member of the Nomination and Remuneration Committee	1/1

- There was total of 1 meeting of the Nomination and Remuneration Committee as at 31 December 2016.

Remark : Ms. Monthon Onphan is a secretary of the Nomination and Remuneration Committee

#### 7.5 The Corporate Governance Committee

The Company's Corporate Governance Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/ No of Meeting
1. Mr. Chainoi Puankosoom	Chairperson of the Corporate Governance Committee	1/1
2. Mrs. Kongkeaw Piamduaytham	Member of the Corporate Governance Committee	1/1
3. Mr. Chuchat Petaumpai	Member of the Corporate Governance Committee	1/1

- There was total of 1 meeting of the Corporate Governance Committee as at 31 December 2016.

Remark : Ms. Monthon Onphan is a secretary of the Corporate Governance Committee

#### 7.6 The Risk Management Committee

The Company's Risk Management Committee comprised the following 3 directors:

Name	Position	No of time attending the meeting/ No of Meeting
1. Adm. Apichart Pengsritong	Chairperson of the Risk Management Committee	1/1
2. Mr. Kampol Tatiyakavee	Member of the Risk Management Committee	1/1
3. Mr. Chuchat Petaumpai	Member of the Risk Management Committee	1/1

- There was total of 1 meeting of the Risk Management Committee as at 31 December 2016.

Remark : Ms. Duangkhae Songnuy is a secretary of the Risk Management Committee





## 7.7 The Executive Committee

As of 31 December 2016, the Company's Executive Committee comprised 13 members as follows:

Name	Position
1. Mr. Chuchat Petaumpai	Chairman of the Executive Committee
2. Mrs. Daonapa Petampai	Executive
3. Mr. Surapong Pechaumpai	Executive
4. Mr. Parithad Petampai	Executive
5. Mr. Surat Chayavoradech	Executive
6. Ms. Duangkhae Songnuy	Executive
7. Ms. Vimonrat Nujul	Executive
8. Mr. Somkiat Ratsamee	Executive
9. Mr. Amnat Niamsee	Executive
10. Mr. Banyat Ninsiri	Executive
11. Mr. Niyom Rodnoi	Executive
12. Mr. Pradit Thongkhum	Executive
13. Mr. Songkran Eiamkai	Executive

### Scope of authority of the Executive Committee

1. To propose goal, policy, business plan and yearly budget of the Company to the Board of Directors for approval.
2. To control the Company's business operation to follow the set policy, plan and budget approved by the Board.
3. To consider and approve the transactions incurred from the normal business operation i.e. investments which are within the capital expenditure budget or in accordance with the budget approved by the Board. Also the amount of each transaction must in line with the approval authorities matrix approved by the Board.
4. To consider and approve the definition and any amendments in the rule and criteria of loan approval, credit determinater table, as well as the definition and any amendments of penalty fee and discounts.
5. To propose the organization structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget.
6. To consider the Company's profit and loss, the proposal to pay the interim dividend or the annual dividend in order to propose to the Board for approval.
7. The Executive committee may appoint or hire consultant for the Company's internal administration and management in order to maximize results.
8. The Executive committee may authorize one or more individuals to act on behalf of the committee under the supervision of the Executive committee, or authorize the person to have authorities as the committee deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the committee sees fit.
9. To perform any other duties assigned by the Board of Directors.

Importantly, the delegation of authorities and responsibilities by the Executive committee shall not be in the manner of general power of attorney which will allow the authorized person to approve the transactions which might result in a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. As the Executive Committee also do not have authority to approve such transaction, it will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

## 7.8 Management

The Management of the Company comprised the following 12 members:

Name	Position
1. Mrs. Daonapa Petampai	Managing Director
2. Mr. Surapong Pechaumpai	Deputy Managing Director
3. Mr. Parithad Petampai	Assistant Managing Director
4. Mr. Surat Chayavoradech	Assistant Managing Director
5. Ms. Duangkhae Songnuy	Manager - Collection
6. Ms. Vimonrat Nujul	Deputy Manager - Account
7. Mr. Somkiat Ratsamee	Assistant Manager - Branch Administration - Ayudhaya District
8. Mr. Amnat Niamsee	Assistant Manager - Branch Administration - Chonburi District
9. Mr. Banyat Ninsiri	Assistant Manager - Branch Administration - Nakornsawan District
10. Mr. Niyom Rodnoi	Assistant Manager - Branch Administration - Khonkaen District
11. Mr. Pradit Thongkhum	Assistant Manager - Branch Administration - Lampang District
12. Mr. Songkran Eiamkai	Assistant Manager - Branch Administration - Nakhon ratchasima District

## 7.9 Company Secretary

In the Board of Director Meeting No.3/2014 on 14 May 2014, the Board of Directors have appointed Ms. Monthon Onphan to be the Company Secretary in order to align with section 89/15 of Securities and Exchange Act B.E.2535 as amended by Securities and Exchange Act (No. 4) B.E. 2551. Following are responsibilities of the Company Secretary.



1. Supervising and providing recommendations to the Directors and Executives regarding the adoption of related law, rules and regulations of regulatory bodies and of the Company itself as well as monitoring on regular basis to ensure conformity in all aspects.
2. Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
3. Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
4. Preparing and maintaining the following documents:
  - 4.1 A register of Directors
  - 4.2 Notice and Minutes of the Board meeting
  - 4.3 Notice and Minutes of Shareholder meeting
  - 4.4 Annual Report
  - 4.5 Director and Management's report on conflict of interest.

Additionally, as the Company is well-aware and committed to good corporate governance, the Company Secretary has passed 2 IOD's training programs; the Company Secretary Program (CSP) 50/2013 and the Effective Minute Taking (EMT) 26/2013.

## 7.10 Director and Management Remuneration

### 7.10.1 Financial Remuneration

#### Board of Directors remuneration

In year 2015 and 2016, the Company has paid meeting fee to the Board of Directors (7 persons) with details as follows:

(unit : baht)

Name-surname	Year 2016	Year 2015
1. Adm. Apichart Pengsritong	330,000	300,000
2. Mr. Chuchat Petaumpai	250,000	180,000
3. Mrs. Daonapa Petampai	200,000	180,000
4. Mr. Yodhin Anavil	230,000	180,000
5. Mrs. Kongkeaw Piamduaytham	370,000	280,000
6. Mr. Kampol Tatiyakavee	350,000	260,000
7. Mr. Chainoi Puankosoom	330,000	260,000
<b>Total</b>	<b>2,060,000</b>	<b>1,640,000</b>

In 2016, the Company has paid Performance bonus for the operation result of year 2015 of 1,500,000 baht to the Board of Directors. (Chairman at 400,000 baht and each member at 300,000 baht)

The 2016 Annual General Shareholder Meeting on 22 April 2016 approved the directors' remuneration in year 2016 as follows:

- The Company's board of directors will receive following remuneration.
  1. Meeting fee to be paid in accordance with the number of meeting attended. The chairman will receive 60,000 baht per attendance while each board member will receive 40,000 baht.
  2. Bonus for year 2016 will be paid to the Board of Directors with the total amount not exceeding 2,200,000 baht (comparing to the amount not exceeding 1,500,000 baht in 2015).
- Members of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee will receive remuneration as meeting fee which will be paid in accordance with the number of meeting attended. The chairperson will receive 30,000 baht per attendance while members of the committee will receive 25,000 baht each.

In 2016, the meeting fee paid to the Board member has been adjusted to 10,000 baht more while the each member of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee will receive the meeting fee of 5,000 baht more.

#### Executive remuneration

In 2016 total remuneration that the Company and its subsidiary paid to their executives was 32.43 million baht (comparing to 28.54 million baht in 2015), including salary, position allowance, bonus, per diem, social security contribution and provident fund contribution.

## 7.11 People

### 7.11.1 Number of employees

As of 31 December 2016, the Company and its subsidiary had total 4,185 employees (excluding 12 management members) working in the following divisions.

Divisions		No of employee (person)		
		Head Office	Branch	Total
1.	Branch Administration	6	128	134
2.	Credit Analyst	-	3,275	3,275
3.	Collection	2	75	77
4.	Accounting	17	345	362
5.	Finance	6	128	134
6.	IT	12	-	12
7.	Legal	1	-	1
8.	General Administration	19	-	19
9.	Personnel	6	-	6
10.	Audit	28	-	28
11.	Procurement	4	-	4
12.	Auction Center	-	5	5
13.	Maid	2	126	128
<b>Total</b>		<b>103</b>	<b>4,082</b>	<b>4,185</b>



### 7.11.2 Labour Dispute in the past 3 years

- None -

### 7.11.3 Employee Remuneration

#### Financial Remuneration

In 2016, the Company and its subsidiary had paid Remuneration to employees (excluding management team) of 1,064.58 million baht. (comparing to 681.61 million baht in 2015) The Remuneration included salary, commission, bonus, allowance, social security contribution, provident fund contribution and other benefits.

### 7.11.4 People Development Policy

The Company recognized the importance of its employee and had a policy to define training and development plan for continual learning of employee at all levels, from staff to manager. There were curriculums covering soft skills like service skill, managerial skill and other technical skills. The Company also sent employees to participate in external training programs arranged by private and public institutes. Well-known and successful speakers were invited to widen the employee's perspectives in customer services, how to be more effective in their works and motivate them to improve their knowledge and skills. Additionally, the Company had a policy to provide scholarship for its employee to further their study. This would be a good chance for them to develop themselves, learning new knowledge, getting new experience from both the classroom and their peers. It was expected that the employee would be able to adopt what they had learnt in their job and contributed to the Company's success as well.

## 7.12 Report of the changes of shareholding of the Company's directors and executives in 2016

No	Name	Position	No of shares as of 31 Dec 2016	No of shares as of 31 Dec 2015	No of shares increased/ (decrease)	% of total shares
1.	Adm. Apichart Pengsritong	Chairman	800,000	800,000	-	0.038
	Spouse and Minor child		-	-	-	-
2.	Mrs. Kongkeaw Piamduaytham	Chairperson of the Audit	800,000	800,000	-	0.038
	Spouse and Minor child	Committee	-	-	-	-
3.	Mr. Chainoi Puankosoom	Member of the Audit	750,000	800,000	(50,000)	0.035
	Spouse and Minor child	Committee	-	-	-	-
4.	Mr. Kampol Tatiyakavee	Member of the Audit	800,000	800,000	-	0.038
	Spouse and Minor child	Committee	-	-	-	-
5.	Mr. Yodhin Anavil	Director	400,000	500,000	(100,000)	0.024
	Spouse and Minor child		-	-	-	-
6.	Ms. Duangkhae Songnuy	Manager - Collection	1,131,000	1,136,000	(5,000)	0.053
	Spouse and Minor child		-	-	-	-
7.	Ms. Vimonrat Nujul	Deputy Manager - Account	504,000	504,000	-	0.024
	Spouse and Minor child		-	-	-	-
8.	Mr. Somkiat Ratsamee	Assistant Manager	219,000	338,000	(119,000)	0.010
	Spouse and Minor child	- Branch Administration	-	-	-	-
9.	Mr. Banyat Ninsiri	Assistant Manager	237,300	408,300	(171,000)	0.011
	Spouse and Minor child	- Branch Administration	-	-	-	-
10.	Mr. Amnat Niamsee	Assistant Manager	621,400	671,000	(49,600)	0.029
	Spouse and Minor child	- Branch Administration	-	-	-	-

No	Name	Position	No of shares as of 31 Dec 2016	No of shares as of 31 Dec 2015	No of shares increased/ (decrease)	% of total shares
11.	Mr. Niyom Rodnoi	Assistant Manager	438,000	438,000	-	0.021
	Spouse and Minor child	- Branch Administration	-	-	-	-
*12.	Mr. Chuchat Petaumpai	Chairman of the Executive	718,056,400	792,500,000	(74,443,600)	33.87
	Spouse and Minor child	Committee				
*13.	Mrs. Daonapa Petampai	Managing Director	720,000,000	720,000,000	-	33.96
	Spouse and Minor child					
14.	Mr. Parithad Petampai	Assistant Managing Director	2,280,500	3,080,500	(800,000)	0.145
	Spouse and Minor child		50,000	390,000	(340,000)	0.018
15.	Mr. Surapong Pechaumpai	Deputy Managing Director	1,085,000	1,085,000	-	0.051
	Spouse and Minor child		-	-	-	-
16.	Mr. Surat Chayavoradech	Assistant Managing Director	75,000	47,500	27,500	0.004
	Spouse and Minor child		-	-	-	-
17.	Mr. Pradit Thongkhum	Assistant Manager	200,000	240,000	(40,000)	0.009
	Spouse and Minor child	- Branch Administration	37,000	37,000	-	0.002
18.	Mr. Songkran Eiamkai	Assistant Manager	80,000	205,500	(125,500)	0.004
	Spouse and Minor child	- Branch Administration	37,000	37,000	-	0.002

\* No 12 and No 13 are spouse of each other.



## 8. Corporate Governance

### 8.1 Corporate Governance Policy

The Company has committed to operate the business with stable and sustainable growth by building value-added for shareholders and shared values to stakeholders in all sectors. The Company's board of directors has emphasized the importance of following SET's guidelines for Good Corporate Governance. The Company's board has set policies of corporate governance, business ethics and code of conducts for director, executive and employee so that everyone will follow the same direction when working with stakeholders in all sectors. These policies were announced and communicated to staff at all levels as well as published in the Company's website ([www.muangthaileasing.co.th](http://www.muangthaileasing.co.th)) with the objectives to provide the Company's employees and related parties knowledge and understanding about principle of corporate governance in the same direction, with commitment to transparent, fair, verifiable and ethical business operations. All business practices shall be aligned with related rules, regulations and laws while being responsible for economy, society and environment.

The Board of Directors has recognized the importance of corporate governance to reflect the Company's business administration which is efficient, transparent and auditable, and to build trust and confidence among shareholders, investors, stakeholders, and all related parties which will lead to the increasing value and sustainable growth of the Company. Therefore, the Company has set the following corporate governance policy and guidelines to be a framework for day-to-day operations.

1. All directors, executives and employees shall commit to the principle of corporate governance, business ethics and their code of conduct when conducting the Company's business;
2. All directors, executives and employees shall perform their duties cautiously and honestly with integrity and full responsibility while conforming to the law, the Company's regulations and related announcements;
3. The Company shall arrange to set up proper internal control system and risk management program as well as the accounting system and financial reporting which are accurate and trustworthy;
4. Establish the Company's management structure which clearly defines the scope of authorities, duties and responsibilities of directors, members of each committee and all executives;
5. Instill the sense of morality, integrity and good conscience among employees while treating them with fairness with the commitment to develop and enhance their abilities on continual basis;
6. Conduct business with responsibility towards shareholders, stakeholders, communities, society and environment;
7. Recognize and respect the rights of shareholders and treat them equally;
8. Strive for the operational excellence and commit to build customer satisfaction by listening to customer's needs and evaluating our ability to respond to those needs in order to enhance our potentials and create better services all the time;
9. Arrange the disclosure of material information to public to be sufficient, trustworthy and timely without affecting the rightful benefit of the Company;
10. Deal with any conflict of interest with cautiousness and reasonableness for the best interest of the Company;

Adhere to anti-corruption principle and practices, no breach of intellectual property right, and respect of law and human rights.



The Company's Board of Directors believes that policies on good corporate governance, business ethics and code of conducts will be important factors to support the Company to be a leading company with stable and sustainable growth; while participating in the development of the country's economic, social and environmental systems. This will bring about the confidence and positive image for the Company's shareholders, investors and stakeholders in all sectors both in present and in the future.

Therefore, the Company has established its Corporate Governance Policy, as per the guideline set by the Stock Exchange of Thailand, with the following 5 sections.

### **Sections 1 The Rights of Shareholders**

The Company was aware and committed to shareholders' basic rights i.e. right to sell or transfer the shares, right to receive the rightful portion of Company's profits, right to obtain relevant and adequate information of the Company, right to attend and vote in the shareholders' meeting to elect or remove members of the Board of Directors, right to appoint external audit, right to decide on any transactions that significantly affect the Company i.e. dividend payment, amendments of Company's regulations or memorandum of association and articles of association, the increase or decrease of capital, etc.

Apart from the above mentioned rights, the Company has made the following arrangements to promote and facilitate shareholders to conveniently exercise their rights.

- The Company's board of directors shall hold the annual general shareholders' meeting within 4 months from the last day of the Company's fiscal year.
- The Company shall prepare Notice of the shareholder meeting and send to shareholders not less than 7 days before the date set for the meeting. The notice must state the date, time, venue and agenda of the meeting and must include information related to the topics which need decision from shareholders.
- In case that the shareholders cannot attend the meeting, the Company allows the shareholders to appoint a proxy, who may be one of independent directors or any other person by using the provided proxy form which is sent together with the notice of the meeting.
- In the meeting, the Chairman shall allocate appropriate time for shareholders to ask questions, to share their opinion and to make recommendations thoroughly and independently.
- After the meeting, the Company shall prepare minutes of meeting which records accurate information with full coverage so that the Shareholders to review.

### **Shareholders' Meeting**

In 2016, the Company has arranged the Annual General Shareholders' Meeting on 22 April 2016 at 14.00 hours at the Pinklao 2 meeting room on the 9th floor of Royal City Hotel, No 800 Boromratchonni Road, Bangkok-noi, Bangplad, Bangkok. The Company has been well-prepared to ensure that the meeting was carried out appropriately with staff members to receive and take care of shareholders, checking documents, providing duty stamps to facilitate shareholders and proxy holders, providing refreshments for shareholders while waiting for the meeting, assisting with the registrations and vote counting with barcode system. Shareholders were able to register to attend the meeting on time and the preparation and distribution of voting ballots were completely done.



The board of directors, the executive committee, the company secretary and the company's auditor had attended the meeting in order to answer any questions from shareholders. The Chairman of the Board of Directors presided over the meeting. Before the meeting started, the company secretary was assigned to announce to the meeting, the shareholder's rights stated in the Company's articles of association, meeting procedure, meeting agenda, procedure to ask question or make a comment, procedure of voting with ballot which would be done separately for each agenda and procedure of announcing the vote results. The Chairman had also invited a voluntary representative of shareholders to observe and witness the vote counting.

The Chairman convened and conducted the meeting as per the announced agenda, providing adequate timing to consider each agenda and its voting as well as providing opportunities for all shareholders to exercise their rights in asking questions, making recommendations and discussing their concerns. The Company realized the importance of shareholders' questions and answered them in a straightforward and transparent manner. The Company had recorded all shareholders' questions and answers in written as well as the voting results of each agenda for approved, disapproved and abstained.

The Company has reported the meeting's resolutions to the Stock Exchange of Thailand. The minutes of all shareholder's meetings were prepared with accurate and complete meeting contents, including details of attending directors, executives, secretary and auditors, voting results of each agenda, questions and answers, key comments. So shareholders can access all the information. The minutes of meeting was submitted to the Stock Exchange of Thailand within 14 days after the meeting date. Annual report and copy of financial statement and income statement approved by auditors and shareholders' meeting together with copy of the minutes of shareholders' meeting which approved the financial statement, profit allocation and dividend payment, were also submitted to the Registrar. Additionally, the Company has published the minutes of general shareholders' meeting on the Company's website.

#### Guidelines for shareholders' meeting administration

The Company recognized the importance of respecting the shareholder's rights so it has set the guidelines to oversee the shareholder's rights as follows.

1. The Company shall notify the shareholders about the shareholders' meeting by sending the information of date, time, venue and the meeting agenda together with supporting documents of the agenda which will require decision from all shareholders, at least 30 days in advance. The notification shall be publicized in the Company's website in both Thai and English before submitting to the Thailand Securities Depository Co., Ltd. (TSD) who is the Company's Registrar and who will distribute the shareholders' meeting notification and supporting documents to all shareholders. For specific agenda which requires shareholder's approval i.e. the Employee Stock Ownership Plan (ESOP), the connected transactions, the acquisition or disposal of assets, the time frame of meeting notification shall become at least 14 days in advance.
2. The Company shall provide opportunity for shareholders to submit their questions or inquiries to be considered in the shareholders' meeting in advance, during the month of October - December every year, in accordance with the Company's regulations. The related announcement is to be made through the Company's website, [www.muangthaileasing.co.th](http://www.muangthaileasing.co.th).

3. The Company shall facilitate its shareholders to use their rights in attending the meeting and casting their vote by arranging the shareholders' meeting on working day at the hotel in Bangkok area and/or the Company's meeting room. Adequate and proper technologies must be provided to facilitate the registration and document verification. Supporting services like duty stamp for proxy form will also be provided.
4. The Company shall prepare the minute of shareholders' meeting efficiently, covering all essential matters i.e. the notification to all shareholders who attend the meeting about the ballot card and vote counting procedure, the records of key point of question and answer during the meeting, the resolution of each agenda including the number of votes (agreed, not agreed, abstained), list of directors who attended the meeting, etc. The minute of meeting shall be publicized within 14 days after the meeting date via the Company's website.
5. All directors including the chairpersons of all committee, managing director, senior executives, company secretary and the Company's independent auditor are required to attend every general shareholder's meeting.

## **Section 2 The Equitable Treatment of Shareholders**

The Company has a policy to treat and protect the right of all shareholders, executive and non-executive, foreign or Thai, majority or minority, fairly and equally. After the IPO, the Company has registered to be a member of the Stock Exchange of Thailand and has applied the policy to provide more option for shareholders who are unable to attend the meeting. Shareholders shall appoint a proxy who may be one of independent directors or any other person who will be able to vote for the shareholder as well. Additionally, the Company also has a policy to allow shareholders to nominate qualified candidate for director positions by notifying the Board of Directors in advance.

During the shareholder meeting, according to the Company's regulation, the chairman will run the meeting as per the agenda by clarifying all related information before asking the shareholders to vote for resolution. Unless it deems necessary, there will not be additional agenda which has not been notify to shareholder in advance, especially the important topic that shareholders may require times to study before making decision.

The Company has prescribed the measure to prevent insider trading by related personnel which includes executives, employees and workers and also their spouses and any minor children. There will be a serious penalty in case of disclosure of Company's information or usage of inside information for their own benefit. Moreover, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during the period from the quarterly book closure date to the date the Company disclosing its financial statement to the public. The Company has communicated to all directors and executives to ensure a clear understanding of their responsibility to report their securities holding in the Company as well as the securities holding of their spouses and any minor children to the Office of Securities and Exchange Commission. The report must also be filed when there is any change in securities holding of the above mentioned parties. All these measures are set to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.



The Company recognized the importance of fair treatment to all shareholders including minority shareholders and foreign shareholders. Therefore, it has the guidelines to protect the shareholder's right and prevent the breach of shareholder's rights in an equal and fair manner, enhancing trust among investors and shareholders. Details of the guideline are as follows.

1. The Company shall provide opportunity for all shareholders to propose the candidate for the director position and to submit question or inquiry before the shareholder's meeting takes place, during October-December of every year. However, the proposal of director candidate and of meeting agenda must be complied with the law and the Company's regulations as per the criteria the Company has published in the Company's website, [www.muangthaileasing.co.th](http://www.muangthaileasing.co.th).
2. The Company shall provide proxy form for the shareholders who cannot attend the meeting and want to appoint someone and/or the Company's independent director to attend the meeting and vote on their behalf. Profile of each independent director detailing his/her background and work experience shall be submitted with the notification of the meeting so that shareholders can consider before making decision to appoint their proxy.
3. The Company shall not add more agenda or change the material information without notifying the shareholders in advance.
4. The Board of Directors shall support the voting by ballot on every agenda including the agenda of appointing each director in order to be transparent and auditable.
5. The Company has set the code of conduct regarding the inside information and the trading of the Company's securities to prevent its directors, executives, and employee to unethically use inside information for their own or other person's personal gain. The related policy and guidelines has been communicated to everyone to strictly abide, with consistently monitoring mechanism.
6. The Company's directors and executives have a duty to report their securities holding and any changes in their securities holding to the Board of Directors every time they trade in accordance with the requirements of the Office of Securities and Exchange Commission.

### **Section 3 The Role of Stakeholders**

Realizing the importance of stakeholder's right, the Company shall treat all related parties fairly with following details.

- Employee: The Company is fully aware the significance of every employee, who has participated in driving the Company to build up its business in the future. Therefore, the Company has focused on the followings:

Workplace security and healthcare: Branch staff is required to clean up office area and its surrounding on daily basis in order to keep the place tidy and to prevent accident in workplace. In addition, the Company has arranged the annual "Big Cleaning Day" activity when every branch will clean up and improve the scenery of the branch. In 2017, the Company set the date for the activity on the 21-22 January 2017 and assigned area managers and branch managers to ensure the activity was carried out as expected. As most of the employees are mainly using motorcycle to visit customers, the Company gives a strict instruction that they must always wear safety helmet. In the past year, there was no accident relating to driving in work hours.

**Benefits & Welfare:** The Company provides benefits and welfare to its staff equally and fairly, without using or supporting the use of child labor, human trafficking, and human rights violation according to universal declarations while promoting all kind of anti-fraud and anti-corruption practices. Remuneration provided for employee is well-suited with yearly review and increases. Welfares provided exceed those required by law. For short-term, they are personal accident and inpatient insurance, annual health check and medical benefits, staff welfare fund, “Ruam Nam Jai Fund” for funeral and cremation assistance (which covers the death of employee, their parent, spouse or children) and inter-region in-company sports competition. The long-term welfare includes the set-up of the Company’s Provident Fund.

**Staff development:** In order to enhance employee’s competencies and to prepare them for promotion, the Company has arranged internal and external training programs which are job related. The Company also has the human resource development policy and guidelines to disclose the number of average training hours of the Company’s employees in each year.

Staff level	Average training hours per person*	Training program objectives
Executive and manager	22	To provide managers knowledge and understanding of the principle, concept and techniques of leadership, how to coach team members with different background, and conflict management
Supervisor	22	To provide knowledge on how to develop leadership i.e ability to communicate, motivate, coach, set expectations and work as a team
Operational staff	16	To enhance knowledge and skills on how to perform their work accurately, how to provide excellent service to customers and to understand the company culture and to give respect to supervisors

\* Only the standard internal training program, not including technical trainings

- **Business partner and Debtor :** The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- **Customer :** The Company has a policy and standard guidelines to treat every customer fairly. Related terms and conditions must be clearly informed to customer. And such terms and conditions must be fair. Besides, the Company commits to provide service excellence. Its employee give consultation to customer in a soft and polite manner and are willing to listen to customer’s problems in order to propose the proper solutions and keep confidential.
- **Competitor :** The Company realizes the importance of treating competitors with fairness under the trading competition rules, regulations and related laws. There shall be no attempts to destroy competitor’s name/image; no attempts to dishonestly or inappropriately seek for others’ trade secrets; and no attempts to infringe others’ copyrights or their intellectual properties.



- **Society and Communities** : The Company focused on operating the business with responsibilities to the country's economy, society and environment. The work process and procedures are set to comply with related regulations and laws to ensure ethics and integrity in business operations. Day-to-day operations are carried out with transparency, fairness, equality and are not to take advantage of society, community and environment as well as stakeholders in all sectors. Since the Company's business plays an important role in the development of society and community with the aims to create more shared values among the Company, economy, societies, communities and environments, the Company has focused more on consistent communication and training of its staff to ensure they have knowledge and understanding of social responsibilities in the same direction.

The Company has a policy to expand educational opportunities for small children under the project "My new home" (Ban Mai Kong Noo) by asking branch staff to explore areas around their branches for needs and scarcity of local communities. If the conditions meet with the policy, the Company will arrange to build the child development center, on the provided land, with proper training tools and equipment. For activities to support of Buddhism, the Company has a tradition of arranging annual Kratin ceremonies for selected temples, providing resources useful for local communities as well as scholarships for needy students in the school nearby.

- **Environment** : The Company has policy to encourage employees to use the Company's property and material efficiency, i.e. setting budget for each branch utilities expenses, promoting re-use of copy printing paper, turning off lights when not in use or during lunch break. The Company believes that the discipline of the staff will result in a habit and put into practice, even outside the company.
- **Anti-fraud and Anti-corruption policy and guidelines** : The Company has a policy on anti-fraud and anti-corruption and guidelines which prohibit its employee to accept or offer to give material benefits or other benefits to persuade other parties to misconduct or create any conflict of interest. The policy and guidelines were announced and communicated to the Company's business partners, vendors and contractors. Additionally, fraud risk assessment program as well as control process, monitoring tool, evaluation and training process have been completely established.
- **Code of conduct** : The Company has established "work ethics and code of conduct" based on the Company's culture. All management and employees must be strictly abided to. Failure to follow or attempt to break the code will be resulted in facing the disciplinary actions according to HR regulations.
- **Whistleblower protection** : The Company shall provide the protection for whistleblower who reports any misconducts, illegal work practices, misrepresentation of financial statements, or internal control failures.

#### **Section 4 Disclosure and Transparency**

The Company's Board of Directors recognized the importance of information disclosure in an accurate, complete, equal and timely manner and that is sufficient for decision making. At the same time, the dissemination of the Company's information is based on maintaining confidentiality of business secrets and key strategies.

The Company commits to disclose the information equally to all shareholders, investors, and the Company's stakeholders as well as to public in compliance with the SEC and SET's regulations. Apart from disclosing the information through the annual disclosure report concerning additional information (form 56-1) and annual report (form 56-2), the Company also publishes the information in the SET's website and the Company's website so that all related parties, shareholders, investors, analysts, stakeholders and people who are interested in the Company can easily access the information on equally and trustworthy basis.

In 2016, the Company has set related criteria and guidelines as follows.

1. The Company has a policy to disclose the material information through the easy-to-access, convenient and trustworthy channels, i.e. the Stock Exchange of Thailand's website ([www.set.or.th](http://www.set.or.th)), the Securities and Exchange Commission's website ([www.sec.or.th](http://www.sec.or.th)) and the Company's website ([www.muangthaileasing.co.th](http://www.muangthaileasing.co.th)). All stakeholders will be able to access all Company's material information as prescribed in the SET's good corporate governance criteria and practices and according to the law and regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission.
2. The Company shall submit the financial reports to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand within due course and shall ensure that there will be no transaction with qualified opinion from the independent auditor.
3. The Company shall disclose the complete information in its annual report and its website, including financial statements, policy on corporate governance and business ethics, corporate social responsibility policy, analyst reports (research) from various institutes, company overview, annual reports, annual information (Form 56-1), shareholder's meeting, list of major shareholders, news on notifications to SET, and news from media, etc.
4. Investor Relations Department was established to be a main channel of communications with investors and analysts, i.e. setting up meeting with analysts, disseminating the Company information in the roadshow events in Thailand and abroad.

#### Investor Relations Department

Relationship management with investors is a key priority for the Company. We focus on conducting the duty with responsibility, honesty, commitment, sufficiency, accuracy and trustworthiness so that investors, analysts and related parties will receive adequate, accurate, complete, transparent and equal information and data. The Investor Relations Department was established to be a center to proactively carry out investor relations activities. Following the best practices of international leading corporations, the department's main responsibilities are to communicate and disseminate news and information about activities which are useful for investors, in order to build good relationship between the Company and its shareholders, institutional investors, general investors, analysts and related government offices in an equal and fair manner. The department is also responsible for preparing the investor relations annual plan which will involve the Company's senior executives in various activities on regular basis; and for providing additional information and responding to inquiries in the meeting with analysts, investor and press.





In 2016, the Company has organized the analyst meeting on 28 March 2016 at Centara Grand Hotel, Central Lardprao Shopping Complex. Additional information may be obtained via the Investor Relations Department at the following contact address.

Mr. Parithad Petampai  
Assistant Managing Director  
Muangthai Leasing Public Company Limited  
32/1 Charansanitwong Road, Bang-or, Bangplad, Bangkok 10700  
Tel : 0-2880-1033  
Fax : 0-2880-1173

The Company has disseminated its information and news through various channels and events, for instance, the one-on-one meetings with analyst and investor, company visits, analyst meetings, road show, conference call, SET's activities of "Opportunity Day" on quarterly basis (after the announcement of financial reports), as well as the quarterly Earnings Releases. For the quarterly Earnings Releases, in order that shareholders and investors can review them any time, the Company has published them in various media, i.e. the Company's website ([www.muangthaileasing.co.th](http://www.muangthaileasing.co.th) under the topic Investor Relations), SET Portal and direct E-Mail to the Company.

5. The Stock Exchange of Thailand has held the event to allow the listed companies to meet investors called "Opportunity Day" on quarterly basis. The objective is to let each company to explain about its business and its operation to analysts, investors, media and those interested. This event is held regularly after the announcement of quarterly financial statement and the Company has joined this activity every time. All information disclosed to shareholders and investors can be reviewed on the Company's website ([www.muangthaileasing.co.th](http://www.muangthaileasing.co.th)) under topic "Investor Relationship" as well as on the SET's website.
6. The Company has clearly disclosed the criteria and information of its directors and executives' remunerations in its annual report.
7. Information about the share holdings of all directors and executives has also been clearly disclosed. The Company has a policy stipulating that all directors and executives must report the following to the Board.
  - Trading transactions of the Company's shares: The policy stated that all directors, executives, management and related persons (spouse and minor children) were prohibited from buying, selling or transferring of the Company's shares during the period of public announcement of the Company's financial statements. Also, In case of any trading, they must report to the company secretary in order to prepare and submit the report of securities holding in the Company (form 59-2) to the SEC within the required timeframe. Report of securities holding by directors and executives must be reported to the Board meeting on quarterly basis.
  - In order to prevent any conflicts of interest of the Company's directors and executives, all connected transactions and transactions which may cause a conflict interest incurred by directors or executives must be reported to the Chairman of the Board to consider and decide to add into the agenda of the Board of Directors meeting on quarterly basis.
8. The Company has no record of being ordered by the Stock Exchange of Thailand and the Office of Securities and Exchange Commission to amend its financial statements.

9. The appointment of licensed auditors of the Company has been approved by the 2016 general annual meeting of shareholders. The auditors' qualifications had no conflict with the Stock Exchange's criteria and they neither provide any other services to the Company nor have any relationships and/or any interests with the Company, its subsidiary, its management, its major shareholders or related parties.
10. The Company's financial statements were granted by the auditor with unqualified opinion.
11. Information about the Company's directors and executives has been clearly published in the Company's website, including their name, position, educational background, number of shares they are holding, work experience and individual picture.
12. The Company's senior executives recognized the importance of investor relations. They shall participate in the meeting with shareholders, investors, analysts and reporters to provide information and discussion on the topic of interest on regular basis. This practice is to ensure that everyone can access the Company's information which is accurate, complete, transparent and timely on equally basis, especially the material information which may affect the price of the Company's shares. With this information, the investors will be able to make their effective decision to invest with the Company which will actually impact the true value of the Company's shares. The Company has disclosed its information and news in compliance with the criteria and guidelines set by the Office of Securities and Exchange Commission and the Stock Exchange of Thailand by using various channels and activities, i.e. the formal communication channels of the Stock Exchange, the Company's site visit and management discussion by investors and analysts, the meeting with reporters and exclusive interview, the regular press release of the Company's operating results, the quarterly meeting with analysts, etc.

#### **Section 5 Responsibilities of the Board of Directors**

The Company recognized the importance of the role and responsibilities of the Board of Directors to safeguard the interests of shareholders and stakeholders through its duties of determining business strategies, overseeing, checking and monitoring to ensure that the day-to-day operation is transparent and conforming with governing regulations. Following are details of related policies.

1. Term of office of Independent director shall not be continued for over 9 consecutive years;
2. The Board has set a policy about the versatility of the Board of Directors. By nominating director candidate, regardless of gender, with skills, professional backgrounds and expertise, which are still lack in the existing Board, it will increase versatility of the Board. However, in 2016, there was nomination for additional directors due to the existing Board structure which comprised of 7 members (5 independent directors and 2 executive directors) and no director who is in director position of over 5 listed companies simultaneously.
3. The Company has also set a policy about the quorum of the Board meeting; it requires at least two-third of the members of the Board to be present in the meeting in order for the Board to vote for resolution of any matters.
4. Each director is required to attend the Board meeting at least 75 per cent of the total meetings in a year.
5. During the year, the Company shall organized the separate meeting, at least once per quarter, among the independent directors without the executive directors attending so that they can freely discuss issues regarding the Company's operations and management and provide opinions and guidelines to resolve the issues.



6. The Company specified the criteria and guideline for its director to hold directorship in other companies to comply with the corporate governance best practices.

#### **Holding directorship in other companies**

The Board of Directors recognized the importance of conducting its duty efficiently as a director and executive so it has set a policy to limit the number of companies which the managing director and designated managers shall hold the directorship, in order to comply with the corporate governance best practices as follows.

1. To hold directorship in other companies required approval from the Board of Directors;
  2. Any director should hold directorship in not more than 5 listed companies;
  3. Director shall not own, take partnership or directorship of other companies in the same industry which may become competitor with the Company.
7. The Company specified and disclosed the director nomination process. To nominate the candidate to be the Company's director, the Nomination and Remuneration Committee shall determine the framework to ensure that the nominated candidate will be able to perform his duty according to the principle of Fiduciary Duty including Duty of Care and Duty of Loyalty. The selection criteria shall also consider the structure of the Board, the Board diversity, the appropriateness of qualifications and skills of the director especially the ones that the Board still lacking. Following are related criteria.
    - 1 For the director selection process, the Board shall focus on the transparencies of screening and nominating of the candidates. Apart from the candidate nominated by the Nomination and Remuneration Committee, the Company also opens the opportunity for the minor shareholders to exercise their rights in proposing their candidate for the director position, given that the Nomination and Remuneration Committee shall consider the qualifications and appropriateness of all candidates. Timeframe for shareholders to propose the candidate shall be set to provide sufficient times for the screening process set by the Committee before the date of shareholder's meeting. Shareholders may submit the director candidate nomination form to the company address or via e-mail address : monthon.o@mt-ls.com within 31 December of every year. The Nomination and Remuneration Committee shall then consider the qualifications and appropriateness of all candidates and nominate the candidates who are qualified to the Board of Directors for endorsement before including the candidate profile in the agenda for the shareholder's meeting to approve. Regarding the candidates who did not pass the screening of the Nomination and Remuneration Committee, the Board shall review their profile and provide its opinion. The Company shall notify the shareholder who proposed such candidate right after the Board meeting or within the next working day; and declare the reasons via the Stock Exchange of Thailand and the Company's website at [www.muangthaileasing.co.th](http://www.muangthaileasing.co.th) as well as to all shareholders in the shareholder's meeting.
    - 2 For clarity and transparency, the Committee shall disclose the nomination policy and selection process to all shareholders as well as provide the nomination form which specifies the required information of the candidate and the rationale which supports the candidate appropriateness for the position.

- 3 The director candidate's name shall be screened and checked against the list of blacklisted or impeached individuals prepared by related offices. The Board shall meet and interview the candidate who pass the screening process and is nominated by the Nomination and Remuneration Committee.
  - 4 The Nomination and Remuneration Committee shall nominate the candidate list with the number of candidates higher than the number of director positions to be filled up so that the Board shall select the most appropriate candidate to propose for shareholder's meeting to approve the appointment.
  - 5 The Board shall send the list and profile of the director candidates, attached to the notification of shareholder's meeting, for shareholders to review in advance.
  - 6 In case that the name of retiring director is nominated, information of his/her contribution and history of board meeting attendance and shareholder's meeting attendance shall be provided for shareholders to review.
  - 7 During the shareholder's meeting, the Board shall ask all shareholders to consider and vote for each candidate on individual basis. The voting results shall be announced in the meeting afterward.
  - 8 Formal orientation program shall be provided to the new director prior to attending his/her first board meeting.
8. The Company has established the Risk Management Policy as another core policy. The Risk Management Committee, comprising the Company's directors and executives in each function, has a duty to assess the risk factors, internal and external, which affect the goal and operation of the Company, and to determine the responsible person for risk management in each department. The Committee also assigned all executives and management to be responsible for risk management. They shall participate in the planning and determining standards of risk management and the assessment of risk factors which may impact the Company's operation and business goals. The Committee has set the timeline to regularly monitor the effectiveness of risk management in each department and shall report the result to the Board on quarterly basis. Risk management manual and regular training program were prepared and delivered to ensure the Company's employees at all levels are aware and understand the importance of risk management in each function and work area.

#### 1. **Board Structure**

The Company's Board of Director comprises experts who are highly qualified and has work experiences from various organizations so they can use their experiences and expertise to move the Company forward and to decide the Company policy and strategy to ensure the effective business operations and maximum benefit to the Company and its shareholders. The Board plays important role in deciding policy and overview of the Company as well as supervision role to review and monitor the management's implementation plan and to assess the Company's performance to ensure it reach the set target.

Regarding the Board structure, independent director is made up of more than one-third of the Board members. Presently, the Board consists of 7 directors, of which 2 are executive



directors and 5 are non-executive (including the Chairman of the Board), including 3 members of the Audit Committee. This Board structure helps balancing the voting when the Board considers and makes important decision. The Board also approved to set up specific sub-committees to help supervise the Company's business operations as follows.

- 1.1 **Executive Committee** Comprising 13 members, the executive committee is responsible for deciding guideline and tactical approach for the Company's business implementation plan in order to achieve business goal set by the Board of Directors and to facilitate the business operation.
- 1.2 **Audit Committee** Comprising 3 members, the audit committee, conducting its duties as prescribe in the scope of authorities, reports directly to the Board of Directors. There is also a requirement that, at minimum, one of the 3 members must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company's financial statement.
- 1.3 **Nomination and Remuneration Committee** Comprising 3 members, the nomination and Remuneration committee functions to support the Company's good governance with the responsibility to set up criteria and policy for selection and to determine the remuneration for directors and members of each committee. The committee is also responsible for recruiting, screening and proposing the suitable candidates to be the Company's directors. In addition, the committee shall be responsible for conducting and reporting any assignments from the board of directors and/or the shareholders' meeting, as deem appropriate.
- 1.4 **Corporate Governance Committee** Comprising 3 members, the corporate governance committee has a duty to support the board of directors' work in setting up policies and guidelines in order to continuously adopt good corporate governance practices, to build up high standard of work ethics, and to enrich the corporate culture, in which all employees are knowledgeable with good understanding of the good governance concepts and be able to consistently apply them in every aspects of their work. The Company's business operations shall be carried out with the fundamental principles of integrity, quality and efficiency to comply with the universal good governance guidelines for the listed companies and to build trust among shareholders and all stakeholders.
- 1.5 **Risk Management Committee** Comprising 3 members, the risk management committee has a duty to oversee and support the implementation of the Company's risk management program to be in line with the business strategies and goals, and the changing business environment. The Committee's members shall propose guidelines to monitor and evaluate the existing risk management measures, as well as guidelines to determine internal control measures and to develop the Company's risk management system.

## 2. **Authorities, Duties and Responsibilities of the Board**

The Company requires the Board of Director to strictly follow Code of Best Practices provided by the Stock of Exchange Thailand. The Board shall understand and well aware of its duties and responsibilities and must comply with the laws, the Company's objectives and articles

of associate, as well as the shareholder meeting's resolutions. The Board shall honestly perform their duties and focus on the best interest of the Company and its shareholders. With the aim to achieve maximum results for the Company and its shareholders, the Board shall be responsible for deciding the Company policy, business goal, business plan and the Company budgets and shall supervise the management team to implement the policy and business plan effectively and efficiently within the budget provided.

#### **Policy on conflict of interest**

The Company has prescribed the measure, based on the principle of duty segregation, to prevent conflict of interest which might be resulted from connected transactions of The Company with its subsidiary or individual who has conflict of interest. The Board shall supervise the Company and its management to comply with related laws and regulations i.e. Securities and Exchange Act, related Rules/Notifications/ Orders/Regulations set by the Securities and Exchange Commission and by the Stock Exchange of Thailand, and to follow the Company's regulations on the disclosure of connected transactions and the acquisition or disposal of key assets.

Moreover, the Board shall advise the Audit Committee or external auditor or independent specialist, as deem appropriate, to review and comment about the suitability of price and the sensibility of the transactions. Those connected transactions will then be disclosed in the Notes of the audited financial statement and submitting Disclosure Report on Additional Information (form 56-1) and Annual Report (form 56-2)

#### **Internal control system**

The Company recognizes the importance of internal control system for both managerial and operational levels so various control activities are implemented. For example, job scope and approval authorities are documented; guideline for asset control, segregation of approval duty, accounting transaction and MIS procedure are in place. Not only the appropriate check and balance measures, the Company also has internal control system of financial reporting. Financial reports are submitted to responsible executives on regular basis. In addition, as the Company operates business of personal loan (unsecured loan) for retail customers through branches and service centres which locate all over the country, the Company requires Internal Audit team to submit audit plan each year to ensure that each branch and service centre will has on-site visit at minimum once a year. The internal audit team will submit each audit report directly to the Audit Committee.

The Company has clear and measurable business goals. Its executive and management team monitor and review monthly performance to compare actual result to the set goal while assessing external and internal risk factors. They will analyze root causes and decide on measures to monitor that risk factor as well as preventive actions to reduce the risk. Specific work team will be assigned to continuously follow up the situation and report back the progress to the committee.



Regarding the anti-fraud and anti-corruption program, the Company has signed the letter of intent to get certified from the Thailand's Private Sector Collective Action Coalition Against Corruption: CAC. Meanwhile, the Company has assessed the fraud risks within the Company and reviewed the existing work processes and practices to be align with the CAC anti-fraud policy to ensure that the Company has sufficient and appropriate measures to effectively detect and prevent fraud and corruptions.

**3. Board of Director meeting**

The Company has a policy that the Board shall meet at minimum once every 3 months and might has special meeting as needed. In each meeting, there will be clear agenda which will be sent together with the meeting notice at least 7 day in advance. This will allow the Board member to have enough time to study in details prior the meeting. Minutes of meeting will be prepared and achieved after it is granted by the Board of Directors, ready for the Board members or related persons to review.

**4. Remuneration of directors and executives**

The Company provides appropriate remuneration for its directors and executives. It is a rate that is sufficient, suitable and competitive among the industry in order to keep the quality directors and executives with the company. Factors which are brought into consideration are work experience, job description and scope of duties and responsibilities. Remuneration of each director shall be approved by the Board of Directors while the remuneration of executives will follow the Remuneration policy and guideline set by the Board of Directors based on the scope of their duties and responsibilities, performances and the Company business results.

**5. Directors and Executives' Development**

**Orientation for new director and director training**

Newly appointed director shall receive proper training regarding the knowledge about the Company's business and the roles and responsibilities of the Company's director. Topics of orientation for director newly appointed by the shareholder's meeting include regulatory practice guidelines to comply with related laws, the Company's memorandum of association and the Company's regulations; scope of duties and responsibilities of the Board and other committees; minutes of the Board meeting in the past 1 year; the Director's manual: a framework for Board governance by the Stock Exchange; the Company's corporate governance and business ethics policy; laws relating to the Company's business; rules and regulations of the Company; training programs for directors; other information relating to the Company's business operation, etc. The Company secretary shall be responsible for providing all these information to the new director. The Board has a policy to support its members to continually enhance their knowledge and skills by attending training programs and seminars. Additionally, all new directors shall receive orientation directly from the Chairman of the Board about the Company's business operation, its background, locations of its main office and branches, as well as the corporate culture. While other directors and the Company secretary shall explain about the company structure, corporate governance policy and internal control measures.



### **Director's development**

The Board has a policy to support and facilitate the training and development for the personnel related to the corporate governance which are directors, member of audit committee, executives and the company's secretary in order to continually improve their performance. The training programs provided are those arranged by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and other institutes, which may relate to the directors' duties and responsibilities or other new management concepts. Apart from self-development, all directors shall use the knowledge to apply when they perform their duties and to improve their performance. In 2016, the Company has supports its director to attend the training program as follows.

- Adm. Apichet Pengsritong, who is the Chairman of the Board of Directors / Chairman of Risk Management Committee and Independent Director, attending the Risk Management Program for Corporate Leaders (RCL 5/2016)
- Mr. Chuchat Petaumpai, who is the Chairman of the Executive Committee / Member of Risk Management Committee / Member of Corporate Governance Committee, attending the Risk Management Program for Corporate Leaders (RCL 5/2016)
- Mr. Kampol Tatiyakavee, who is the Member of Risk Management Committee / Member of Audit Committee and Independent Director, attending the Risk Management Program for Corporate Leaders (RCL 5/2016)

## **6. Company's Committees**

The Company's board structure consists of the board and 5 committees which are the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Corporate Governance Committee, the Risk Management Committee and the Executive Committee. All have adequate qualifications prescribed in Section 68 of Public Company Act B.E. 2535 and the related notifications of the Capital Market Supervisory Board. Following are scope of authorities of each board and committees.

### **6.1 Scope of authorities, duties and responsibilities of the Board of Directors**

1. The Board has power, duty and responsibility to manage and supervise the Company to operate legally and comply with all related laws, the Company's objectives and articles of association, and the resolution of the shareholder meeting with honesty, carefulness, and protection of the Company's and shareholder's best interest;
2. To supervise the preparation of an audited statements of financial position and an audited statement of comprehensive income for the Company as at the last day of the Company's accounting period and bring to the shareholder meeting for consideration and approval;
3. All directors in the Company's Board of Directors are competent, capable and experienced from various professions. They are responsible for deciding the Company's vision, mission and for approving business direction, policy, strategy and goal so that management team shall use as framework for developing business plan, business supporting plan and annual budgeting;



4. To review, audit and approve the policies, directions, strategies and implementation plan proposed by the management;
5. To meet with the Company's management to deliberately discuss and make recommendations relating to the business direction of the Company and the preparation to cope with the changing economic environment;
6. To follow and evaluate the implementation plan and budget spent on regular basis;
7. To ensure that the Company and its subsidiary have a proper and effective accounting system, providing reliable financial reports and reviews, and have adequate and sufficient internal control and internal audit systems in place;
8. To decide Risk Management policy that covers the whole operations and to supervise the Company to have system or process to manage all related risks with the preventive and control measures to mitigate the impacts to the Company's business in a proper manner;
9. To decide the Company's management structure, appoint the executive committee, the managing director and other sub-committees as deem appropriate. And to decide scope of duties and responsibilities of the executive committee, the managing director and other approved sub-committees.

Importantly, the delegation of authorities prescribed in the scope of duties and responsibilities shall not allow the executive committee, the managing director and other sub-committees to consider and approve the transactions which might result in a conflict of gain or loss or any other conflicts of interest with the Company or its subsidiary (if any) unless the approval of the transaction follows the policies and guidelines already reviewed and approved by the Board of Directors;

10. To supervise the preparation of the Board's annual report and be responsible for the disclosure of the Company financial statement which will reflect the financial status and operation results in the past year and to propose them to the shareholder meeting for consideration and approval;
11. To supervise and oversee the management and operation of the Company and its subsidiary to comply with the Company's policy, the Securities and Exchange laws, the notifications of the Capital Markets Supervisory Board and the Stock of Exchange Thailand's regulations, especially on the connected transaction and the acquisition and disposal of assets and not to conflict with other laws;
12. The Board of Directors may authorize one or more directors or other person to act on behalf of the Board under the supervision of the Board, or authorize the person to have authorities as the Board deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the Board sees fit.

Such authorization to act on behalf of the Board of Directors must not allow the person to review and approve a transaction that can result in a gain or loss to the authorized person himself or to a third party who may has a conflict of interest with the Company or its subsidiary as per the description in the notification of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or any other notifications of related regulatory bodies, unless the approval of the transaction in question follows he policies and guidelines already reviewed and approved by the Board of Directors.

## **6.2 Scope of authorities, duties and responsibilities of the Audit Committee**

1. To review the accuracy and sufficiency of the company's financial reports;
2. To review the appropriateness and effectiveness of internal control systems and internal audit function including the independence of the internal systems to appoint, removal, transfer, or dismissal of the internal audit manager or manager of any work unit who is responsible for internal control task;
3. To carry out the review to ensure compliance with Securities and Exchange Acts, regulations of the Stock Exchange of Thailand and other related laws;
4. To consider, select and propose independent person to be appointed as the Company's external auditor to the Board, offer the Remuneration and meet privately with external auditor at least once a year without management members insight;
5. To review a connected transaction or transaction that may lead to conflict of interests to ensure that the Company complies with all related rules and the notification of the Stock Exchange of Thailand and that the transaction is reasonable and give the Company the maximum advantage;
6. To ensure full coverage of the audit committee's monitoring activities disclosed in the Company's annual report. The report must be signed by the Chairperson of the Audit Committee and should include the following information:
  - (a) Opinion on the accuracy, completeness and reliability of the Company's financial report
  - (b) Opinion on the adequacy of the Company's internal control system
  - (c) Opinion on the Company's compliance with SEC's and SET's laws and regulations or other laws relevant to the Company's business
  - (d) Opinion on suitability of the external auditor
  - (e) Opinion on transactions which may cause conflict of interest
  - (f) Number of committee meetings and attendance of each member
  - (g) General opinion or observation arisen as the Audit Committee performing its duty as defined in the committee's charter
  - (h) Any other transaction which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board
7. Any other assignments from the Board with the consent from the Audit Committee.

## **6.3 Scope of authorities, duties and responsibilities of the Nomination and Remuneration Committee**

### **Nomination-related**

1. To establish the criteria and policy for nomination of the Company's board of directors and members of committees, by considering the suitability of size, structure and composition of each committee as well as the qualification of each specific directors in order to propose to the board of directors and/or the shareholders' meeting for approval, when required;
2. To search, select and nominate the candidates suitable for the director's position, when any director completes his/her term and/or when there is a vacancy and/or when there is newly opened position;



3. To perform any assignments, related to nomination, from the board of directors;
4. To conduct the appraisal performance of the Company's top executives and propose to the board of directors for consideration and approval.

#### **Remuneration-related**

1. To establish criteria and policy related to remuneration for members of the board of directors and committees and propose to the board of directors and/or the shareholders' meeting for approval, when required;
2. To determine remuneration as needed and suitable for both financial and non-financial for each individual director by taking into consideration that such remuneration is commensurate with the duties and responsibilities assigned, the individual's performance, pay scale of similar business and benefits that he/she shall contribute to the Company; then propose to the board of directors and/or the shareholders' meeting for approval;
3. To support the board of directors with the role to explain and answer any queries relating to the remuneration of members of the board of directors in the shareholders' meeting;
4. To report policy, principles and rationale of the remuneration of directors and executives to comply with the Stock Exchange of Thailand's regulations by submitting the annual Disclosure Report on Additional Information (form 56-1) and the Company's Annual Report(form 56-2);
5. To perform any assignments from the board of directors in relation with remuneration management given that all executives and work units shall report or submit related information and documents to the Nomination and Remuneration Committee to support the works of the committee so that it can complete the assignments.

#### **6.4 Scope of authorities, duties and responsibilities of the Corporate Governance Committee**

1. To propose policies relating to Good Governance principles to the board of directors;
2. To oversee the Company's business operations to comply with the corporate governance principles prescribed by the regulators i.e. the Stock Exchange of Thailand, the Securities and Exchange Commission;
3. To consider and review the corporate governance policies on regular basis to ensure that they are align with the international practices as well as to the recommendations from related offices or institutes;
4. To propose code of conducts for directors or work rules for directors;
5. To recommend the Company's code of business ethics and the code of conducts for managers and employees;
6. To promote the culture of good governance and the participation in the social responsibility activities;
7. To perform any assignments from the board of directors.

#### **6.5 Scope of authorities, duties and responsibilities of the Risk Management Committee**

1. To review and determine policy on the framework of the Company's risk management;
2. To oversee and support the implementation of the Company's risk management program to be in line with the Company's business strategies and business goals as well as the changing business environment;

3. To propose the guidelines for monitoring and evaluating the risk management programs to the Risk Management and Internal Control Committee: RMCC (management level) for further implementation;
4. To consider and review the progress reports of the Company's risk management program and to provide opinions regarding the potential risks and control measures as well as the development of the risk management systems to the RMCC to ensure the continuity and the effectiveness of the program;
5. To update the status of the Company's risk management to the Board and to promptly notify the Board for acknowledgement and consideration in case of any significant risk factors or critical situations;
6. To perform any other assignments from the Board of Directors.

#### **6.6 Scope of authorities, duties and responsibilities of the Executive Committee**

1. To propose goal, policy, business plan and yearly budget of the Company to the Board of Directors for approval;
2. To control the Company's business operation to follow the set policy, plan and budget approved by the Board;
3. To consider and approve the transactions incurred from the normal business operation i.e. investments which are within the capital expenditure budget or in accordance with the budget approved by the Board. Also the amount of each transaction must in line with the approval authorities matrix approved by the Board;
4. To consider and approve the definition and any amendments in the rule and criteria of loan approval, credit determinater table, as well as the definition and any amendments of penalty fee and discounts;
5. To propose the organization structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget;
6. To consider the Company's profit and loss, the proposal to pay the interim dividend or the annual dividend in order to propose to the Board for approval;
7. The Executive committee may appoint or hire consultant for the Company's internal administration and management in order to maximize results;
8. The Executive committee may authorize one or more individuals to act on behalf of the committee under the supervision of the Executive committee, or authorize the person to have authorities as the committee deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the committee sees fit;
9. To perform any other duties assigned by the Board of Directors.

Importantly, the delegation of authorities and responsibilities by the Executive committee shall not be in the manner of general power of attorney which will allow the authorized person to approve the transactions which might result in a conflict (as defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its



subsidiary and/or related companies. As the Executive Committee also do not have authority to approve such transaction, it will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

#### **6.7 Scope of authorities, duties and responsibilities of Managing Director**

1. To control and supervise business operation and/or day-to-day administration in the Company.
2. To operate and administrate the Company by following the policies, plans and budget approved by the Board of Director and/or the Executive committee.
3. To prepare policy, business plan, business strategies and yearly budget of the Company to propose to the Executive committee in order to get approval from the Board of Directors.
4. To consider and approve the Company's normal business transactions, for example, approval of investment expenses within the capital expenditure budget or budget approved by the Board of Directors, approval of asset buy, approval of other expenses and financial expenses. The amount of approval of each transaction shall be within the limit stated in the approval authority matrix which was approved by the Board of Directors.
5. The Managing director has authority to approve the head-counts, hiring and placing employee, determining wage, promoting and transferring as well as deciding role and job description of employee in any position in any work unit, for all employee in all levels below assistant manager, according to the approval from the Board of Directors.
6. The Managing director has authority to approve all operating expenses for normal business activities according to the budget approved by the Board of directors.
7. To monitor and assess the Company's performance on regular basis and to report the operating results as well as progress report of related projects to the Executive committee, the Audit committee and the Board of Directors.
8. To issue and announce orders, regulations, notifications and memorandum to ensure that the Company's business operations will be align with the policy and to protect the Company's benefit as well as to keep orders within the organization.
9. The Managing director has authority to appoint committees or sub-committees for the benefit and the effectiveness of good management, and also to authorize one or more individuals to execute things under the supervision of the Managing director, or authorize the person to have authorities as the Managing director deems appropriate and within the approved timeframe. Such authorization may be cancelled, revoked or amended as the Managing director sees fit.
10. To perform other duties as per assignment from the Executive committee or the Board of directors.

Importantly, when there is a transaction that relates to the Managing director or the authorized person by the Managing director or any person who may have a conflict (as

defined by the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand) of gain or loss or any other conflicts of interest with the Company or its subsidiary and/or related companies. The Managing Director does not have authority to approve such transaction. It will have to be submitted to the Board of Directors and/or the shareholder meeting (as deem appropriate) for further approval. Unless the approval of the transaction is for normal trade or in accordance with normal trade conditions which comply with the notifications of the Capital Market Advisory Board and/or the Stock Exchange of Thailand and/or other related regulators.

#### Designated Approval Authority

The Company has designated approval authority for business operations with details below.

	Assistant Managing Director	Deputy Managing Director	Managing Director	Executive Committee
1. Payment which is over the approved capital expenditure	-	-	not over 15%	not over 20%
2. Non-budgeted investments	-	-	not over 20 million baht	not over 40 million baht
3. Opening of new branches which is over the number stated in the board approved business plan	-	-	-	not over 20%
4. Approval of petty cash disbursement over the set criteria <sup>1)</sup>	not over 15,000 baht per time	not over 15,000 baht per time	approve	-
5. Cash advance per time <sup>2)</sup>	-	not over 70,000 baht per time	approve	-
- Branch/Auction centre	-	-	-	-
- Head office	not over 70,000 baht per time	not over 100,000 baht per time	approve	-
6. Disposal of damaged fix assets <sup>3)</sup>	not over 50,000 baht per time	not over 50,000 baht per time	approve	-
7. Account write-off (bad debts)	-	-	-	not over 5 million baht

Remark : <sup>1)</sup> In the past, the Company's maximum petty cash disbursement did not exceed 15,000 baht per time.

<sup>2)</sup> In the past, branches and auction centers' maximum cash advance did not exceed 52,000 baht per time and Head office's maximum cash advance did not exceed 75,000 baht per time

<sup>3)</sup> In the past, the Company's maximum disposal of damaged fix assets did not exceed 50,000 baht per time.





## 7. Nomination and appointment of directors and top executives

The Company has the Nomination and Remuneration Committee responsible for searching and screening suitable candidates for director position, and to determine the remuneration package and get concurrence from the board of directors to propose to the shareholders' meeting for approval, with details below.

### 7.1 Composition and appointment of the Board of Directors

The composition and nomination, appointment, removal and expiration of the Company directors have been defined in the Company's Article of Association, which can be summarized as follows:

1. The Board of Director comprises not be less than 5 members, provided that not less than one half of the directors shall reside within Thailand. The directors shall have qualifications as specified by laws.
2. The directors shall be elected by the shareholder's meeting under the following rules and procedures.
  - (1) Each shareholder shall have one vote per share held by him/her
  - (2) Each shareholder shall exercise all votes in electing one or more persons to be a director, but provided that no vote shall be divisible.
  - (3) Any candidates who have the most votes shall be elected as directors equivalent to the number of directors required; if two candidates have equal votes, the Chairman shall have a casting vote.
3. At every Annual General Meeting, one-third (1/3) of the directors, or, if their number is not divided by three (3), then the number nearest to one-third (1/3) shall retire from office. In the first year and the second year following the establishment of the Company, the retiring directors shall be drawn by lots. In the third year and subsequent years, the directors who have been longest in office shall retire. The retired directors shall be re-elected to consume the position.
4. Any director who wishes to resign from his office shall submit a resignation letter to the Company. The resignation shall be effective on the date the notice reaches the Company.
5. In case there is a vacancy for the director position with reasons other than the normal retirement, the Board may decide to select the qualified candidate who does not possess any qualifications which were prohibited by the Public Company Limited Act and/or the Securities and Exchange Act, to resume the vacant position, except when the term of the departing director is less than 2 months. The new director's term will equal to the period of term left of the departing director. The Board's resolution requires the votes of not less than three-fourth (3/4) of the number of the left directors.
6. The shareholder meeting may vote to remove any director from office prior to retirement. A three-quarter (3/4) vote of any shareholders with an aggregate number of up to half (1/2) of all shares held by the shareholders present and eligible to vote shall be required.

## 7.2 Composition and appointment of independent director

The Board of Director shall consider the qualification of candidate who will be the Company's independent director based on the qualifications and forbidden characteristics under the Public Company Limited Act, Securities and Exchange Act, Notifications of the Capital Market Supervisory Board, and other related notifications, announcements and/or regulations. Moreover, the Board shall select the candidate based on expertise, work experience, and other areas of suitability. The Board shall propose the candidate to the shareholder meeting for voting to appoint the person as an independent director. The Company has a policy to appoint at least one-third (1/3) of the total directors and should not be less than 3 persons.

### Qualifications of Independent Director

1. Holding not exceeding 1 per cent of the total number of voting rights of the Company, its parent company, subsidiaries, associated companies or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and son/daughter, including spouse of the son/daughter, to management, major shareholders, controlling persons, or persons to be nominated as management or controlling person of the Company or its subsidiaries.
4. Not having any business relationship with the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest that could be barrier to independent judgment. And not being or having been major shareholder, director other than independent director or management of the stakeholders of the Company, subsidiaries, associated companies or any juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.
6. Neither being nor having been any profession advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiaries, associated companies or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended at least 2 years prior to the date of submitting the request to SEC.



7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not having any characteristics which make him/her incapable of expressing independent opinion with regard to the Company's business operations.

### **7.3 Selection criteria of new director**

To select new director, the Board shall focus on the transparencies of screening and nominating of the candidates especially for the director position. The Company has a policy to open the opportunity for the minor shareholders to exercise their rights in proposing their candidate for the director position. The Company's Nomination and Remuneration Committee shall consider the qualifications and appropriateness of the proposed candidates and of the retiring or resigning directors and nominate the qualified candidates to the Board of Directors for endorsement and approval before proposing their names to the shareholder's meeting to approve the appointment.

The person to be appointed to the director position must be knowledgeable, skillful and ready to perform the duty and must process the following qualifications.

1. Having proper knowledge, skills and experience and being able to devote himself to perform the duty for the best interest of the Company especially in making crucial business decisions;
2. Adhering to moral and ethical principles and possessing any additional qualifications which may be stipulated by law or by the Board of Director's consideration;
3. Having the qualifications and forbidden characteristics under the Public Company Limited Act and does not have any characteristics which may not gain the shareholder's trust to appoint as the Company management as prescribed in the Notifications of the Securities and Exchange Commission and the Stock Exchange of Thailand.

Once appointed to the position, the new director shall attend the new director orientation and briefing session about the Company's key policies, its vision, mission, corporate culture as well as knowledge about regulatory practice guidelines to comply with related laws, the Company's memorandum of association and the Company's regulations, scope of duties and responsibilities of the Board and other committees, minutes of the Board meeting in the past 1 year, the Director's manual: a framework for Board governance by the Stock Exchange, the Company's corporate governance and business ethics policy, laws relating to the Company's business; rules and regulations of the Company, training programs for directors, and other information relating to the Company's business operation, etc.

### **7.4 Composition and appointment of the Audit Committee**

The Board of Directors shall appoint the Audit Committee which consists of at least 3 members, who shall be selected from the Company's independent directors who have qualifications under the Securities and Exchange Act and other related notifications, announcements and/or regulations of the Stock Exchange of Thailand. Moreover, the independent director who presumes the duty of audit committee shall also has the additional qualifications as follows.

1. Not being a director who is assigned by the Board to make decisions in the business activities of the Company, its parent company, subsidiaries, joint/associated companies or juristic person who may have conflicts of interest.
2. Not being a director of the Company, its subsidiaries, joint/associated companies which is the listed company.
3. Having adequate knowledge and experience to perform the duties of audit committee and at least one committee member must have adequate knowledge and experience in finance and accounting area in order to review the reliability of the Company's financial statement.

#### Terms of Audit Committee

- |                                   |  |
|-----------------------------------|--|
| 1. Chairperson of Audit committee | 3 years or equal to the term of the Company's director |
| 2. Member of Audit committee      | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Audit committee shall be re-elected to resume the duty again.

### **7.5 Composition and appointment of the Nomination and Remuneration Committee**

The Nomination and Remuneration Committee comprises not less than 3 members, consisting of a chairperson of the nomination and remuneration committee and members of the committee, who shall have sufficient knowledge and experience to perform the duty of nominating candidates for director position and determining director's remuneration.

The Board of Directors has approved to establish the nomination and remuneration committee in order to perform the duty of recommending policy, model and criteria for selection and the remuneration for directors, members of committees and managing director, to be commensurate with the duties and responsibilities assigned as well as the individual's performance. The Board of Directors meeting shall approve the appointment of the Company's directors to be members of the nomination and remuneration committee to comply with the corporate governance principles and to align with the organization's vision and mission.

#### Terms of Nomination and Remuneration Committee

- |   |  |
|---|--|
| 1. Chairperson of Nomination and Remuneration committee | 3 years or equal to the term of the Company's director |
| 2. Member of Nomination and Remuneration committee      | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Nomination and Remuneration committee shall be re-elected to resume the duty again.

### **7.6 Composition and appointment of the Corporate Governance Committee**

The Corporate Governance committee, appointed by the Board of Directors, comprises not less than 3 members. In the event that there is a vacancy in the committee, the subsisting members shall still perform their duties. However, if the number of directors is less than the requirement and does not constitute a quorum, the subsisting members may act only for the purpose of appointing additional directors to fill up all the vacancies.



The members of the corporate governance committee shall be highly competent and be able to contribute sufficient time and adequate recommendations to perform their duty with integrity, ethics and high responsibility.

#### Terms of Corporate Governance Committee

- |  |  |
|--|--|
| 1. Chairperson of Corporate Governance committee | 3 years or equal to the term of the Company's director |
| 2. Member of Corporate Governance committee      | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Corporate Governance committee shall be re-elected to resume the duty again.

### **7.7 Composition and appointment of the Risk Management Committee**

The Risk Management committee, appointed by the Board of Directors, comprises not less than 3 members. In the event that there is a vacancy in the committee, the subsisting members shall still perform their duties. However, if the number of directors is less than the requirement and does not constitute a quorum, the subsisting members may act only for the purpose of appointing additional directors to fill up all the vacancies.

The members of the risk management committee shall be highly competent and be able to provide consultation for strategic planning to mitigate the risks which the Company may face. They shall be able to contribute sufficient time and adequate recommendations as the risk management committee member.

#### Terms of Risk Management Committee

- |   |  |
|---|--|
| 1. Chairperson of Risk Management committee | 3 years or equal to the term of the Company's director |
| 2. Member of Risk Management committee      | 3 years or equal to the term of the Company's director |

When his/her term ends, either the expiring chairperson or the member of Risk Management committee shall be re-elected to resume the duty again.

### **7.8 Supervision of business operations of its subsidiary and its affiliated company**

The Company shall invest in any companies that have the same business objectives as the Company's core business, or with the business similar to the Company's, or with the business that supports the Company's operations. The investment shall improve the Company's performance with more profit or shall synergize with the Company's core business to provide comprehensive services to its customers, which increases the Company's competitive advantages.

In controlling and supervising its subsidiaries and its affiliated company, the Company shall send director or executive who is qualified and has suitable experience to be its representative, to participate in the management, to decide on the key policies and to control the operation of such subsidiary and/or affiliated company. The director who is the Company's representative shall supervise the administration of such subsidiary and/or affiliated company to follow the set policy

and shall use his/her discretion, under the resolution of the Board's meeting and/or the shareholder meeting about the major issues of the such subsidiary and/or affiliated company, for the maximum benefit of the Company and for the Company's sustainable growth.

#### **7.9 Supervision of inside information**

1. The Company prohibits its directors, executives, employees and workers from disclosing the Company's confidential information and/or inside information or using it for their own benefit or any other person's benefit directly or indirectly and by gaining or not gaining Remuneration.
2. The Company prohibits its directors, executives, employees and workers, including their spouse and minor children from using the Company's inside information which has not been disclosed to public and which shall or shall not impact the change of the price of the Company's securities, to buy, sell, offer to buy, offer to sell, or convince other persons to buy, sell, offer to buy, offer to sell the Company's securities, whether directly or indirectly, before such information is disclosed to public. Regardless of the purpose of the action which aims for his/her own benefit or for others to act and provide him/her personal gain, the person who fails to comply will be punished under the Company's disciplinary measures.
3. The Company has informed all executives to understand and take responsibility to report the holding of the Company's securities of themselves, their spouse and their minor children, and to report any changes in securities holding to the Office of Securities and Exchange Commission to comply with section 59 and Penalties prescribed in the Securities and Exchange Act B.E 2535.
4. In order to prevent insider trading, the Company's directors and executives and their spouses and minor children are prohibited from trading Company's shares during one month before the Company disclosing its financial statement to the public.
5. The Company's directors and executives are required to complete the initial disclosure regarding their connected transactions with the Company and its subsidiary upon appointment to the position, on annual basis and when there are changes in the connected transactions. The Company Secretary shall submit the copy of such connected transaction reports to the Chairman of the Board and the Chairperson of Audit Committee in order to comply with the Securities and Exchange Act, B.E. 2535 and to review the information to prevent any conflicts of interest.

#### **7.10 Remuneration for external auditor**

The annual general shareholders' meeting year 2016 has approved the remuneration of external auditor for 2016 at 3,180,000 baht which included the audit fee and the review for the Company's and its subsidiary's interim financial statement and their consolidated statements.

#### **7.11 Other good corporate governance practices**

-N/A-



## 8. Succession Plan

The Board of Directors has adopted the succession plan for the position of Chairman of the Executive Committee in order to maintain the confidence among stakeholders, namely shareholders, customers and employees that the Company operations shall continue to grow firmly and sustainably under the good governance and ethical management. The Company has recognized the importance of the continuity of effective business operation by senior management so to ensure that the Company shall continually have capable and knowledgeable management, succession planning program has been implemented with following details.

1. The Company has prepared the succession planning program by identifying successors for the position of managing director, senior executives and heads of core functions/department, based on the performance, potential and readiness of each individual;
2. Designing the training and development programs for the selected successors to enhance their knowledge, ability and skills required for the position so that they are prepared to take over the work of the managing director or other key position in case some executive cannot perform his/her duty.
3. The Nomination and Remuneration Committee shall determine the requirements of knowledge, ability and skills for each management position and select the managers who can meet such requirements and has high potential to take over the work of such position and can continue the business operation efficiently.
4. Managers and executives who were identified as successor should have proper qualifications and have work experience in the related field. They will have an opportunity to gain more experience from job rotation and attending additional training programs to prepare themselves to work in a higher position and to ensure that the job handover will go smoothly and the business management will continue without interruption.
5. Chairman of the Executive Committee shall arrange job rotation for the qualified executives and shall assign managers in next level to join the executive committee meeting to educate them, to expand their experiences and to prepare them for the higher management positions in the future.



## 9. Corporate Social Responsibilities

The Company commits to manage and operate its business with the consciousness of social responsibilities as well as the responsibilities for its stakeholders such as shareholder, customer, business partner, employee, community and surrounding society. With the aim to build sustainable business operation, steadily growing and well-accepted organization and to effectively return profit for its shareholders, the Company has set a policy to operate the business with focus on social responsibility, which is divided into 8 areas as follows.

### 1. Responsibility to shareholders

- The Company emphasizes employee's integrity and honesty. All employees shall perform their works within the framework of laws and the Company's regulations. They shall hold to work ethics in every actions, decision-making and processing transactions. We will carry out our businesses in a faithful and honest manner, and decisions about any undertakings are honest and fair towards all shareholders.
- The Company commits to operate the business with a sustainable growth of returns to shareholders. Disclosure of information shall be done in an accurate, complete, adequate and timely manner so that shareholders can equally access and not be misled or confused with the information provided.

### 2. Operate the business with integrity

- The Company has a policy and guideline to treat its customers with integrity. Details of terms and conditions which are fair for both parties are clearly communicated to customers. The Company commits to provide excellent customer service by providing consultation to every customer in a soft and polite manner. Its staff and managers are willing to listen to customers and try to provide them solutions without disclosing their confidential personal information.
- The Company treats its business partners and debtors fairly, evenly and without any discretion. Any trade conditions and/or contractual agreements are strictly followed in order to ensure mutual benefit.
- Business operation of the Company must be administered for sustainable and steady growth based on the carefulness, honesty and fairness to all related parties.
- The Company shall not seek for trade secrets of its competitors by using dishonest or improper methods like bribing competitors' employees.

### 3. Anti-corruption policy

The Company emphasizes the importance of every anti-corruption practices by building awareness in the Company's executives and staff at all levels so that they realize the impacts of corruptions, have the right values and are able to get more confidence from all stakeholders. Following are guidelines provided:

- Do not offer payment, pay bribe, request, agree or take bribe in any manners from other person or from other organizations, directly or indirectly, in exchange with favorable treats or extra benefit from the Company's business.
- Do not incur any unethical transactions in relation with government officials, other persons, or other organizations, directly or indirectly
- Do not take or offer any bribe for any business dealings. The Company's contacts and deals with government officials must be done in a transparent and honest manner and staff must strictly follow the related laws and regulations.
- Staff who commit fraud, no matter in which position, will be punished in every case regardless of the amount of damages.



- If proved that the person committing fraud, he/she must face the same disciplinary actions and punishment regardless of his/her title or position.
- The Company instills the value of integrity in its employee by emphasizing that everyone should have awareness and perform their duty honestly, do not exploit the benefit from his/her position or provide favorable treats to others. All employees are informed about penalties, negative impacts and damages caused by committing fraud.
- Every employee is responsible for observing and monitoring. In case they find any fraud or suspicious fraud case within their workplace, it is their duty to immediately report to the Company via their direct supervisor or other provided channels or the internal audit team.

In addition, the Board of Directors has approved the Anti-fraud and Anti-corruption policy to be included as a part of the Good Corporate Governance policy. As per the accepted standard of anti-fraud and anti-corruption, the Company has signed its Letter of Intent to join the Thailand's Private Sector Collective Action Coalition against Corruption: CAC on 28 September 2015.

#### **4. Respect for Human rights**

- The Company recognizes the importance of human rights and respect of human rights. The Company shall not violate the rights of individual or group of individuals directly and indirectly and shall treat them evenly and fairly regardless of differences in race, religion, gender or physical condition.
- The Company has a corporate culture that all employees shall participate and follow the provided guidelines so that everyone shall work together in the happier environment with mutual respects. Regarding the employee treatment, the Company values all employees at every level.

#### **5. Fair Treatment to Employee**

The Company is well aware that the continuous growth of the Company over the past 24 years is resulted from the cooperation and contribution of its employee at all levels, who are highly committed to achieve the set target. The Company has policies to treat all employees fairly and equally, as follows:

- The Company provides compensation for employee which is well suited with each person's capabilities and is competitive when comparing to companies in the same industry. The Company provides the proper work environment with the awareness of work life quality and safety workplace. Also, additional supports and welfares are appropriately provided.
- The Company arranges continuous training and development programs for its employee in every position and every level. Every year there are training courses and seminars which are conducted by well known experts in each specific area. This policy enables our employee to continually learn and grow.
- The Company provides a fair reward & recognition system. Criteria for performance appraisal are clearly communicated to staff at all levels.
- The Company encourages employee at all levels to have continuously career advancement within the organization.
- The Company implements the open door policy, allowing employee at all levels to participate in queries or make recommendations directly or indirectly in order to get co-operation from all parties to solve any problems together.

## 6. Responsibility toward Consumer

- Since the Company's business is service-related, service excellence is a key to success and sustainable growth. The Company's mission no.5 "The Company will provide service excellence and achieve the highest customer satisfaction" which is in line with the Company's slogan of "Intimate services like closed family members" becomes guiding principle for every employee on how to treat their customers.
- Regarding the terms & conditions of loan approval, the Company shall provide the terms & conditions and/or benefits that customer will receive in a clear and transparent manner for the best interest of our customers.
- The Company provides channels for customers to file their complaints directly through the Head Office's Complaint Centre at telephone number 02-880-1033 or through the questionnaire that the Company sent to customers.
- The Company has a policy for whistleblowing hotline, detection and protection of whistleblowers.
- In case that the customers facing a financial crisis from the impacts of nature disasters like major floods or from uncontrollable setbacks like the delay of government supports to farmer etc., the Company shall provide special measures to support our customers as deem appropriate.

## 7. Environmental Conservation

Although the Company's business operation does not have direct impact on the environment, the Company is aware of the importance of environmental conservation and has a policy to instill the awareness in its employee. Starting from the in-company environments, the Company implements the 5S activities on yearly basis, campaigning to use water and electricity considerately, controlling the usage of stationary and office equipments, reducing the usage of equipments which create pollution, promoting recycle and reuse of paper and encouraging to use more of electronic archive.

## 8. Communities and Society Development

The Company has Corporate Social Responsibilities (CSR) policy which focuses on community developments based on the traditions and culture of the surrounding communities that the Company's branches are located. Following are activities which the Company has been regularly participating in order to support both private and public sectors.

- **Religion** The Company has a custom of offering the unity kathina ceremony, the tradition of presenting robes and donations to monks at the end of the lent, to the selected 2 temples each year for over 25 years. This kathina ceremony has been arranged in rotation to temples located nearby the Company's branches, which not only help preserving the local tradition but also building unity among the community. This year (2016), the Company has offered the kathina to 4 temples with total donation amount of 3,699,181 baht. Following is the namelist of the 4 temples
  1. Wat Nong Luang, Tha Tako district, Nakhon Sawan province
  2. Wat Nong Bok, Lao Suea Kok district, Ubon Ratchathani province
  3. Wat Nuen Din Dang, Bo Thong district, Chonburi province
  4. Wat Ton Rien, Ratsada district, Trang province



- **Education** The Company has a policy to give away scholarships to students and to give educational support funds to local schools which are located in the area of the temples. Besides, since 2012 onwards, the Company has started the project to build a building for child development center with the construction budget of 1 million baht under the name “Baan Mai khong Noo (my new home)”. The first centre was in aor bor tor Kirirat, Phobpra district, Tak province while the second center built in 2013 was located in aor bor tor Nakham, Muang district, Loey province. In 2014, the third center was built in aor bor tor Paklang, Pou district, Nan province. In 2015, two centers were built at the Baan Makam En school and the Wat Rangsaneh Nakornchan school in aor bor tor Takoey, Suanphueng district, Rachaburi province. In 2016, 2 centers were built for “Ban Patirooptheedin, Tambol Thai Samaggi” and “Ban Subsaithong school, Tambol Wang Nam Khiao” located in Wang Nam Khiao district, Nakhon Ratchasima province, which are center no 6 and no 7 respectively. The Company plans to build more center every year in the location nearby the Company’s branches.

Additionally, the Company has donated educational funds to the following 4 schools at 100,000 baht each. 1) Ban Nong Luang school 2) Ban Nong Bok school 3) Wat Nuen Din Dang school 4) Wat Ton Rien school



- Society Every year in June, the Company invites its employee to donate their blood to the Thai Red Cross Society. This is also the Company's custom for over 24 years. The Company has funded many local traditional events such as Long boat racing, event of paying respect to god (Chinese) and making a spirit offering, event of lion dancing, etc. Moreover, the Company has a policy that prohibits staff at all levels to involve with drugs, as a trader or user. The Company performs annual workplace drug testing once a year under project named "Borisat si khao" (White company).





## 10. Internal Control System and Risk Management

The Company recognizes the importance of having internal control system in place. The Internal Audit division was set up to be responsible for monitoring day-to-day operations and following up to ensure that any detected errors or deficiencies are resolved or strengthened on a regular basis. And in order for the Internal Audit team to work independently and be able to fully investigate with checks and balances authority, the team shall have a direct reporting line to the Audit Committee.

Presently the Company has practiced an appropriate and efficient internal control system and risk management in accordance with the standardized framework of internal control and risk management of the Committee of Sponsoring Organizations of the Treadway Commission - Enterprise Risk Management (COSO-ERM), which relates to the Company's business operations and work processes. The framework consists of 5 components;

- (1) Control Environment
- (2) Risk Assessment
- (3) Control Activities
- (4) Information & Communication
- (5) Monitoring Activities.

For 2016 business operations, the board of directors has the same opinions as the audit committee with details as summarized below.

### 10.1 Control Environment

The Company emphasizes the good corporate governance by defining its core value and company culture which reflect Integrity and Ethics as its tradition. The Board of Directors that is independent from the management shall perform its duties to oversight the development and implementation of internal control system. The Board shall set the Company's business goal and Key Performance Indicators: KPI which reflect the business goal and will be used for performance evaluation. Written work procedures and regulations for all functions and operating manual for all systems shall be developed and communicated to all employees to use as guidelines in day-to-day operation. Moreover, the Company has continually promoted the control environment by organizing training program to employee every year to ensure that they will perform their duties transparently and with fair treatment to all stakeholders. The management has also set up a line of command, delegation of authorities and proper responsibilities so that the Company achieves its business objectives under the oversight of the committee.

### 10.2 Risk Assessment

The Company has risk management activities as well as regular monitoring. The practices of preparing Business Continuity Plan –BCP and Disaster Recovery Plan – DRP companywide ensure that the operation will not be interrupted either in normal business environment or in the vulnerable environment.



### **10.3 Control Activities**

The Company has clearly defined scope of duties of each position. The approval authority matrix and the operating manual/procedures have been reviewed to ensure its appropriateness with the current organization structure and job functions. There have been regular performance reviews to check if all rules and regulations, approval authority matrix and operating manual are followed properly. All these practices were aimed to ensure that the Company has proper, up-to-date and sufficient internal control system while employee in every function can perform their duties efficiently.

### **10.4 Information & Communication**

The Company has recognized the importance of effective management information system (MIS) and communication so it has promoted and supported the continuing system development to ensure the information is accurate and up-to-date. The Company has selected and implemented the modern IT system which is highly secured and efficient for data input, data processing, data storage and data tracking. The system has enabled management and all stakeholders to have complete, accurate, adequate and timely information for their day-to-day operation and for making business decisions. The Company has also defined the policy on IT security and data usage and has provided intranet system to be a communication channel within the Company. Therefore, the dissemination of policies, orders, rules & regulations, operating manual and procedures, and important news becomes highly efficient and able to reach every employee within a short period. The new and effective information management system also enables the Company to prepare financial reports with accuracy and within the timeframe.

### **10.5 Monitoring Activities**

The Company set up the Internal Audit division to be responsible for monitoring and communicating internal control deficiencies, in a timely manner, to the responsible persons which includes the high-level executives and the Audit Committee who shall assess the results and ensure that the internal control activities are still in place completely and adequately. The Board viewed that the Company has adequate and appropriate internal control system. The Company has dedicated sufficient group of personnel to execute such control system effectively, enabling the Company's operations to be transparent and comply with the principle of Good Corporate Governance. Additionally, the Company has executed the control and monitor system within the Company and its subsidiary to ensure that assets of the Company and its subsidiary are well protected from any director or executive to misuse or use without authority. The Company also has the sufficient control system to monitor the transactions with connected person or person who may have conflict of interest.





## 11. Details of Directors, Management and Controlling Person

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Type of Business
Adm. Apichet Pengsritong Chairman of the Board of Directors Chairman of Risk Management Committee and Independent Director (Authorized Signatory)	68	Bachelor of Science Royal Thai Naval Academy Directors Accreditation Program (DAP) Class 82/2010 Risk Management Program for Corporate Leaders (RCL 5/2016)	-	-	2014 - Present	Chairman of the Board of Directors	Beverage
					2012 - Present	Chairman of the Board of Directors	Vehicle title loan
					2010 - Present	Independent Director	Cosmetics
Mr. Chuchat Petaumpai Director, Member of Risk Management Committee, Member of Corporate Governance Committee and Chairman of the Executive Committee (Authorized Signatory)	63	Master of Business Economics, Thammasat University Master of Business Director and Chairman of Executive Committee Administration, Naresuan University Master of Finance, Oklahoma City University, USA Directors Accreditation Program (DAP) Class SET/2012 Risk Management Program for Corporate Leaders (RCL 5/2016)	37.38	Spouse of Mrs. Daonapa Petaumpai	2015 - Present	Member of Corporate Governance Committee	Vehicle title loan
					2012 - Present	Director and Chairman of the Executive Committee	Vehicle title loan
					2011 - Present	Director	Insurance Broker
					1992 - 2011	Director and Managing	Vehicle title loan
Mrs. Daonapa Petaumpai Director and Managing Director (Authorized Signatory)	63	Master of Finance, Oklahoma City University, USA Directors Accreditation Program (DAP) Class SET/2012	33.96	Spouse of Mr. Chuchat Petaumpai	2012 - Present	Director and Managing Director	Vehicle title loan
					2011 - Present	Director	Insurance Broker
					1992 - 2011	Director and Deputy Managing Director	Vehicle title loan

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Yodhin Anavil Director, Chairman of Nomination and Remuneration Committee and Independent Director (Authorized Signatory)	67	Doctor of Electrical Engineering University of Cincinnati, USA Master of Electrical Engineering, George Washington University, USA Directors Certification Program (DCP) Class 101/2008 Directors Accreditation Program (DAP) Class 60/2006 Audit Committee Program (ACP) Class 24/2008 Charter Director Class (CDC) Class 3/2008 Financial Statements Demystified for Directors (FDD) Class 1/2009 Role of The Compensation Committee (RCC) Class 7/2008	-	-	2015 - Present	Chairman of Nomination and Remuneration Committee	Muangthai Leasing Plc.	Vehicle title loan
					2012 - Present	Independent Director	Muangthai Leasing Plc.	Vehicle title loan
					2011 - Present	Independent Director, Member of Audit Committee and Ethics Committee	Robinson Department Store Plc.	Retail business
					2005 - Present	Independent Director, Member of Audit Committee and Nomination and Remuneration Committee	Jasmine International Plc.	Telecommunication
					2002 - Present	Director	Pop Network Co.,Ltd.	E-Commerce
					1998 - Present	Director	Peter and Jeannie Co.,Ltd	Clothing products and Real Estate
					1998 - Present	Director	Frederick World Sales Co.,Ltd.	Clothing products and Real Estate
					1991 - Present	Director	The Vintage Club Co.,Ltd.	Golf Course
					1991 - Present	Director	Fairway Estate Co.,Ltd.	Real Estate
					2015 - Present	Member of Corporate Governance Committee/ Member of Nomination & Remuneration Committee	Muangthai Leasing Plc.	Vehicle title loan
Mrs. Kongkeaw Piamduaytham Chairperson of Audit Committee, Member of Nomination and Remuneration Committee, Member of Corporate Governance Committee and Independent Director	64	Master of Finance, Washington State University, USA Directors Certification Program (DCP) Class 157/2012 Advanced Audit Committee Program (AAP) Class 13/2013 Role of Nomination and Governance Committee (RNG 7/2015)	-		2012 - Present	Chairperson of Audit Committee and Independent Director	Muangthai Leasing Plc.	Vehicle title loan
					2011 - Present	Chairperson of Audit Committee	Papop Co.,Ltd.	Energy
					2010 - Present	Director	Aira Capital Plc.	Holding (Finance)
						Consultant	Aira Securities Plc.	Securities



Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Chainoi Puankosoom Member of Audit Committee, Chairman of Corporate Governance Committee and Independent Director	66	Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Directors Accreditation Program (DAP) Class 63/2007 The Role of the Chairman Program (RCP) Class 33/2014 Financial Institutions Governance Program (FGP) Class 3/2011 Politics and Governance in Democratic Systems for Executives (Por Por Ror class 6), King Prajadhipok's Institute Capital Market Academy program for senior executives (CMA Class 9) Energy Literacy for senior executives program, Thailand Energy Academy	-	-	2015 - Present	Chairman of Corporate Governance Committee	Muangthai Leasing Plc.	Vehicle title loan
		2015 - Present	Director	Tipco Asphalt Plc.	Manufacture and distribute asphalt products.			
		2015 - Present	Director	Nathalin Co.Ltd.	Petroleum and chemical tankers			
		2013 - Present	Member of Audit Committee/	Muangthai Leasing Plc.	Vehicle title loan			
		2012 - Present	Independent Director					
		2010 - Present	Member of Audit Committee	Golden Land Property Development Plc. National Power Supply Plc.	Real Estate  Biomass power plants			
Mr. Kampol Tatiyakavee Member of Audit Committee, Member of Nomination and Remuneration Committee, Member of Risk Management Committee and Independent Director	57	Master of Industrial Engineering, University of Texas at Arlington, USA Directors Certification Program (DCP) Class 74/2006 Directors Accreditation Program (DAP) Class 55/2006 Capital Market Academy program for senior executives (CMA Class 9) Risk Management Program for Corporate Leaders (RCL 5/2016)	-	-	2015 - Present	Member of Nomination & Remuneration Committee	Muangthai Leasing Plc.	Vehicle title loan
		2013 - Present	Chief Operating Officer	Amata VN Plc.	Real Estate			
		2012 - Present	Member of Audit Committee	Muangthai Leasing Plc.	Vehicle title loan			
		2010 - Present	Director	We Retail Plc.	Real Estate			
		2012 - Present	Director	ThreeSixtyFive Plc.	Public Relation Advisor			
		2010 - 2012	Director	State Enterprise Policy Office	Ministry of Finance			
		2008 – 2010	Chairman of Executive Board	Pattaya Food Industry Co.,Ltd.	Produce and distribute canned food			

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Surapong Pechaumpai Deputy Managing Director	55	Master of Business Administration, University of the Thai Chamber of Commerce Barrister-at-law, Institute of Legal Education of the Thai Bar Association	-	Brother of Mr. Chuchat Petaumpai	2013 - Present 2012 - Present 2002 - 2012	Deputy Managing Director Director Assistant Managing Director	Muangthai Leasing Plc. Muangthai Leasing Insurance Broker Co.,Ltd. Muangthai Leasing Co.,Ltd.	Vehicle title loan Insurance broker Vehicle title loan
Mr. Parithad Petampai Assistant Managing Director	34	Master of Banking and International Finance, Cass Business School, London Bachelor of Engineering with Business Finance University College London	-	Son of Mr. Chuchat Petaumpai & Mrs. Daonapa Petampai	2015 - Present 2010 - 2014 2007 - 2009 2006 - 2007	Assistant Managing Director Marketing Manager Analyst Analyst	Muangthai Leasing Plc. Real Asset Development Co.,Ltd Thai Farmers Bank (K Bank) Goldman Sachs London	Vehicle title loan Real estate Banking Banking
Mr. Surat Chayavoradech Assistant Managing Director	46	Master of Finance, Thammasat University Master of Business Administration, Chulalongkorn University	-	-	2013 - Present 2010 - 2012 2005 - 2009	Assistant Managing Director Accounting & Finance Manager Accounting & Finance Manager	Muangthai Leasing Plc. Bio-active Co.,Ltd. Taiban Fishery Co.,Ltd.	Vehicle title loan Chemical Cold storage service
Ms. Duangkhae Songnuy Manager - Collection	49	Master of Management and Organization, Dhurakij Pundit University	-	-	2015 - Present 2011 - 2015 2007 - 2011	Collection Manager Audit Manager Deputy Manager - Audit	Muangthai Leasing Plc. Muangthai Leasing Plc. Muangthai Leasing Co.,Ltd.	Vehicle title loan Vehicle title loan Vehicle title loan
Ms. Vimonrat Nujul Deputy Manager - Account	47	Master of Accounting, Dhurakij Pundit University	-	-	2012 - Present 2012 - Present 2004 - 2012	Deputy Manager - Accounting Director Assistant Manager - Accounting	Muangthai Leasing Plc. Muangthai Leasing Insurance Broker Co.,Ltd. Muangthai Leasing Co.,Ltd.	Vehicle title loan Insurance broker Vehicle title loan



Name-Surname/ Position		Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years		
						Period	Position	Company/ Organization
Mr. Somkiat Ratsamee Assistant Manager - Branch Administration	53	Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	-	-	2015 - Present	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2014	Assistant Manager - Branch Administration - Phitsanuloke District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006 - 2010	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2015 - Present	Assistant Manager - Branch Administration - Chonburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
Mr. Amnat Niamsee Assistant Manager - Branch Administration	52	Master Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	-	-	2011 - 2014	Assistant Manager - Branch Administration - Ayudhya District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2006 - 2010	Assistant Manager - Branch Administration - Phitsanuloke District Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2015 - Present	Assistant Manager - Branch Administration - Nakonsawan District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2014	Assistant Manager - Branch Administration - Saraburi District Manager	Muangthai Leasing Plc.	Vehicle title loan
Mr. Banyat Ninsiri Assistant Manager - Branch Administration	44	Master Master of Public Administration, The National Institute of Development Administration (Phitsanuloke campus)	-	-	2007 - 2010	Branch Manager - Thanon Boromtrai, Phitsanuloke	Muangthai Leasing Co.,Ltd.	Vehicle title loan

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years			
					Period	Position	Company/ Organization	Type of Business
Mr. Niyom Rodnoi Assistant Manager - Branch Administration	47	Bachelor of Business Administration, Phetchabun Rajabhat University	-	-	2011 - Present	Assistant Manager - Branch Administration - Khonkaen District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2013	Branch Manager - Ayudhya	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2006 - 2010	Branch Manager - Pichit	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Mr. Pradit Thongkhum Assistant Manager - Branch Administration	53	Bachelor of Education Uttaradit Rajabhat University	-	-	2014 - Present	Assistant Manager - Branch Administration - Lampang District Manager	Muangthai Leasing Plc.	Vehicle title loan
					2014 - Present	Assistant Manager - Branch Administration - Nakonratchasima District Manager	Muangthai Leasing Plc.	Vehicle title loan
Mr. Songkarn Eiamkai Assistant Manager - Branch Administration	53	Bachelor of Education Phetchabun Rajabhat University	-	-				



## Details of Company Secretary

Name-Surname/ Position	Age (years)	Education/ Director's Training course	Total Shareholding Percentage (31/12/2016)	Family Relationship with other Management	Work Experience within 5 years		
					Period	Position	Company/ Organization
Ms. Monthon Onphan Company Secretary	41	Bachelor of Management, Suan Dusit Rajabhat University	-	-	2013 - Present	Company Secretary	Muangthai Leasing Plc.
		Company Secretary Program (CSP)			2011 - 2013	Team Head - Accounting	Muangthai Leasing Co.,Ltd.
		Class 50/2013			2005 - 2011	Team Head - General Administration	Muangthai Leasing Co.,Ltd.
		Effective Minute Taking (EMT 26/2013)					
							Vehicle title loan Vehicle title loan Vehicle title loan

## Roles & Responsibilities of Company Secretary

- Supervising and providing recommendations to the Directors and Executives to conform with related law, rules and regulations of regulatory bodies and of the Company and monitoring on regular basis to ensure conformity in all aspects.
- Arranging the Board's meetings and Shareholders' meeting and coordinating with related parties to act or response to the meeting's resolutions.
- Supervising the disclosure of information and preparing material information report as required by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related law.
- Preparing and maintaining the following documents:
  - A register of Directors
  - Notice and Minutes of the Board meeting
  - Notice and Minutes of Shareholder meeting
  - Annual Report
  - Director and Management's report on conflict of interest



## Details of Management and Controlling person of the Company in its related companies as of 31 December 2016

Name	The Company		Related Companies																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Adm. Apichet Pengsritong	C				C										/				
Mr. Chuchat Petaumpai	/, //	/																	
Mrs. Daonapa Petampai	/, M	/																	
Mr. Yodhin Anavil	/	AC	/					/	/	/	/	/		AC		/			
Mrs. Kongkeaw Piamduaytham	AC						AC												
Mr. Chainoi Puankosoom	AC					AC				AC						/		/	/
Mr. Kampol Tatiyakavee	AC			/									/				M		
Mr. Surapong Pechaumpai	M	/																	
Mr. Surat Chayavoradech	M																		
Ms. Duangkhae Songnuy	M																		
Ms. Vimonrat Nujul	M	/																	
Mr. Somkiat Ratsamee	M																		
Mr. Amnat Niamsee	M																		
Mr. Banyat Ninsiri	M																		
Mr. Niyom Rodnoi	M																		
Mr. Pradit Thongkhum	M																		
Mr. Songkarn Eiamkai	M																		

**Remark :** C = Chairman of the Board AC = Audit Committee / = Director // = Chairman of Executive Committee M = Management/Executive

**Related Companies:**

1. Muangthai Leasing Insurance Broker Company Limited
2. Jasmine International Public Company Limited
3. The Vintage Club Company Limited
4. ThreeSixtyFive Public Company Limited
5. T.A.C. Consumer Public Company Limited
6. National Power Supply Public Company Limited
7. Papop Company Limited
8. Pop Network Company Limited
9. Peter and Jeannie Company Limited
10. Golden Land Property Development Public Company Limited
11. Frederick World Sales Company Limited
12. Fairway Estate Company Limited
13. We Retail Public Company Limited
14. Robinson Department Store Public Company Limited
15. S&J International Enterprises Public Company Limited
16. Aira Capital Public Company Limited
17. Amata VN Public Company Limited
18. Nathalin Company Limited
19. Tipco Asphalt Public Company Limited



## 12. Connected Transactions

### 12.1 Details of connected transactions

In 2016, the Company has connected transactions with connected persons

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2015	Year 2016	
Mr. Chuchat Petaumpai	<ul style="list-style-type: none"> <li>Mr. Chuchat Petaumpai is Chairman of the Executive committee and holding 1,438,056,400 shares (including the spouse's holding) equaling to 67.83% of fully paid-up share capital as of 28 November 2016.</li> <li>Spouse of Mrs.Daonapa Petampai</li> </ul>	1. Building rental	2.28	2.32	<p>The Company rented 8 shophouses and warehouses from Mr. Chuchat Petaumpai to use for branch office and auction centre to operate the Company's business; No. 1 to No.7 with 3 year lease contracts starting from 1 January 2015 to 31 December 2017 and No.8 with 3 year lease contracts starting from 1 October 2016 to 30 September 2019 with following details.</p> <ol style="list-style-type: none"> <li>Shophouse with 4 storey 1 unit address: 230/6 Boromtrailoknart Road, Naimuang, Muang, Phitsanuloke</li> <li>Shophouse with 3 storey 2 units address: 28/103-104 Singhawat Road, Naimuang, Muang, Phitsanuloke</li> <li>Shophouse with 3 storey 3 units address: 2/243-245 Srimala Road, Naimuang, Muang, Pichit</li> <li>Shophouse with 3 storey 2 units address: 58/38-39 Tambol Baanklang, Muang, Lampoon</li> <li>Shophouse with 3 storey 2 units address: 81/41-42 Mitphab Road, Naimuang, Muang, Phitsanuloke</li> <li>Shophouse with 2 storey 2 units address: 187/13-14 Phrompiram-Nongtom Road, Matong, Phrompiram, Phitsanuloke</li> <li>Warehouse 1 unit address: 462/3 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke</li> <li>Shophouse with 4 storey 2 units address: 462/11 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke</li> </ol>

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2015	Year 2016	
					<p>The rental rates are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co.,Ltd, the independent appraiser approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives.</p> <p>The Audit Committee considered and viewed that the Company rental of shophouses and warehouses from Mr.Chuchat Petaumpai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent appraiser approved by the Office of the Securities and Exchange Commission so it is considered an appropriate and fair price.</p>
		2. Guarantor of leasing contract Credit facility Balance	21.39 5.77	16.38 2.07	<p>Mr. Chuchat Petaumpai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company.</p> <p>The Audit Committee considered and viewed that the guarantor contract of Mr. Chuchat Petaumpai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.</p>
Mrs. Daonapa Petampai	<ul style="list-style-type: none"> <li>Mrs. Daonapa Petampai is the Company's Managing Director and holding 1,438,056,400 shares (including the spouse's holding) equaling to 67.83% of fully paid-up share capital as of 28 November 2016</li> <li>Spouse of Mr. Chuchat Petaumpai</li> </ul>	1. Building rental	4.31	4.31	<p>The Company rents 7 building and shophouses from Mrs. Daonapa Petampai to use as Head office and branch office with 3 year rental contracts starting from 1 January 2014 to 31 December 2017, with following details.</p> <ol style="list-style-type: none"> <li>Five storey building with 540 sq.m. space (Head Office) address: 32/1 Jaransanitwong Road, Bangaor, Bangplad, Bangkok</li> <li>Shophouse with 2 storey 2 units address: 28,30 Jarotviteetong Road, Muang Sawankaloke, Sawankaloke, Sukhothai</li> <li>Shophouse with 3 storey 2 units address: 88/1 Samakkichai Road, Naimuang, Muang, Petchaboon</li> <li>Shophouse with 4 storey 2 units address: 176,178 Ratdamri Road, Namuang, Muang, Prachinburi</li> <li>Shophouse with 4 storey 1 unit address: 2/10 Angthong-Singhauri, Taladluang, Muang, Angthong</li> </ol>



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2015	Year 2016	
					<p>6. Shophouse 2 units address: 13 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Bangplad, Bangkok</p> <p>7. Shophouse 1 unit address: 44 Soi Jaransanitwong 83/1, Jaransanitwong Road, Bangaor, Bangplad, Bangkok</p> <p>The rental rates for item 1-5 are in accordance with the fair rental value provided by the American Appraisal (Thailand) Co., Ltd, the independent appraiser approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives.</p> <p>The rental rates for item 6-7 are the same market rate which the Company paid for renting other nearby shophouse from external party.</p> <p>The Audit Committee considered and viewed that the Company rental of building and shophouses from Mrs.Daonapa Petampai is the transaction that is beneficial for the Company and the rental fee is in accordance with the fair rental value provided by the independent appraiser approved by the Office of the Securities and Exchange Commission and the same market price as rental from external party so they are considered as appropriate and fair prices.</p>
		2. Guarantor of leasing contract			
		Credit facility	1.89	1.89	
		Balance	1.49	0.55	
		3. Payable to director for purchasing of assets	2.00	-	
					<p>Mrs. Daonapa Petampai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company.</p> <p>The Audit Committee considered and viewed that the guarantor contract of Mrs. Daonapa Petampai arose from the Company's necessity to use the leasing contract for its business operation and for the benefit of the Company.</p> <p>In May 2015, the Company purchased a piece of land (398 sq.wah) in Sinakorn amphor, Sukhothai province from Mrs.Daonapa Petampai at 2 million baht. The Company has paid-up the purchase of the land on 27 August 2015.</p> <p>The Audit Committee considered and viewed that the transaction incurred with the necessity and reasonableness and the price of the asset to be paid to Mrs. Daonapa Petampai was appropriate.</p>

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2015	Year 2016	
Mr. Surapong Pechaumpai	<ul style="list-style-type: none"> <li>- Mr. Surapong Pechaumpai is a member of the Executive Committee and Deputy Managing Director</li> <li>- Brother of Mr. Chuchat Petaumpai</li> </ul>	Guarantor of leasing contract Credit facility Balance	16.28 11.37	16.28 7.30	Mr. Surapong Pechaumpai entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contracts of Mr. Surapong Pechaumpai arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.
Mr. Wasin Dejkitvikrom	<ul style="list-style-type: none"> <li>- Brother of Mrs. Daonapa Petampai</li> <li>- Holding 66,532,100 shares equaling to 3.14% of fully paid-up share capital as of 28 November 2016</li> </ul>	Agency commission	0.93	1.21	The Company paid agency commission to Mr. Wasin Dejkitvikrom based on the amount of monthly loan release and the pre-defined commission structure. The Audit Committee considered and viewed that the transaction incurred as normal business practice in order to provide more channels to service the Company's customers. The commission rate paid to Mr. Wasin Dejkitvikrom was appropriate as it was the same rate paid to other agents. However, the Company does not have a policy to recruit more agents in the future.
Ms. Vimonrat Nujul	<ul style="list-style-type: none"> <li>- Ms. Vimonrat Nujul is Executive and Deputy Manager - Account</li> </ul>	Guarantor of leasing contract Credit facility Balance	9.97 9.27	30.54 24.06	Ms. Vimonrat Nujul entered into the contract as a guarantor for the Company to get credit facilities from the leasing company without charging for any guarantee fee from the Company. The Audit Committee considered and viewed that the guarantor contracts of Ms. Vimonrat Nujul arose from the Company's necessity to use the leasing contracts for its business operation and for the benefit of the Company.
The Company's executives - Mr. Surapong Pechaumpai - Mr. Banyat Ninsiri - Mr. Niyom Rodnoi - Mr. Somkiat Ratsamee - Mr. Amnat Niamsee - Mr. Songkarn Eiamkai - Mr. Pradit Thongkhum - Mr. Surat Chayavoradech - Ms. Vimonrat Nujul	<ul style="list-style-type: none"> <li>- Mr. Surapong Pechaumpai is Executive and Deputy Managing Director</li> <li>- Mr. Surat Chayavoradej is Executive and Assistant Managing Director</li> <li>- Ms. Duangkhae Songnuy is Executive and Manager - Collection</li> <li>- Ms. Vimolrat Nujool is Executive and Deputy Manager - Account</li> <li>- Mr. Somkiat Ratsamee is Executive and Assistant Manager - Branch Administration - Ayudhya</li> </ul>	Loan to executives Brought forward add loan during the period less payment during the period Balance at the end of period Interest	0.22 0.55 (0.59) 0.18 0.015	0.18 0.50 (0.57) 0.11 0.013	In 2015 and 2016, the Company provided loans for 7 executives with the annual interest rate of 8.00%. The Audit Committee considered and viewed that it is appropriate for the Company to provide loans for its executives since it is one of employee benefits. The conditions applied for executives are the same as other employees.



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2015	Year 2016	
- Ms. Duangkhae Songnuy	- Mr. Annat Niansee is Executive and Assistant Manager - Branch Administration - Chonburi - Mr. Banyat Ninsiri is Executive and Assistant Manager - Branch Administration - Nakornsawan - Mr. Niyom Rodnoi is Executive and Assistant Manager - Branch Administration - Khonkaen - Mr. Pradit Thongkhum is Executive and Assistant Manager - Branch Administration - Lampang - Mr. Songkran Eiamkai is Executive and Assistant Manager - Branch Administration - Nakornratchasima				

#### The Audit Committee's opinion

Resolution of the Board of Directors meeting no 1/2017 dated 20 February 2017 which the Audit Committee who were all independent directors agreed that the connected transactions were a necessity for business operations in general. Conditions of all connected transactions were in accordance with market price, contractual price and agreed price, which were reasonable and appropriate for normal business practice.

## **12.2 Criteria or Procedure for Approval of Connected Transactions**

Connected transactions shall be proposed to the Audit Committee and/or the independent directors to consider and provide opinion that such transactions are in accordance with normal business practices and should be incurred for the best interest of the Company.

## **12.3 Policy and Future Trends of Connected Transactions**

The Company and/or its subsidiary may continually incur connected transactions in the future which are normal business practices and has a clear policy for connected transactions based on normal pricing and terms which the Company offers to other person and/or non-related company.

For the connected transactions which do not follow normal business practice and might incurred in the future, the Company requires that the Audit Committee shall review the transaction against the regulations and indicate the reason of the transaction before the Company incurring the transaction by following the above mentioned Criteria and procedure for approval of connected transactions. However, for the transactions that may cause conflict of interest in the future, the Board of directors will comply with the Securities and Exchange Act, regulations, notifications, announcements or rules of the Capital Market Supervisory Board and the Stock Exchange of Thailand as well as the regulations regarding disclosure of connected transactions and the acquisition and disposal of assets of the Company and its subsidiary, and will follow the accounting standards defined by the Federation of Accounting Professions (FAP).





## 13. Key Financial Information

### 13.1 Summary of Auditor's Report

Year	Auditor's name	Certified Public Accountant Registration No	Auditor's Office	Summary of auditor's report
2016	Ms. Somjai Khunnapasut	4499	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2016, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2015	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.
2014	Ms. Ratana Jala	3734	EY Office Limited	The auditor expressed an unqualified opinion that the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiary and separately of the Company as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

## 13.2 Summary of the Company's Financial Information

Table depicting separate financial statements of the Company

Statements of financial position	Year 2016		Year 2015		Year 2014	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	527.62	2.16	144.60	1.11	705.31	8.04
Short-term investments	-	-	-	-	500.00	5.70
Current portion of loan receivables	15,363.88	62.94	9,010.41	68.91	5,763.11	65.68
Other receivables - related parties	3.19	0.01	1.27	0.01	1.03	0.01
Short-term loans	27.47	0.11	15.28	0.12	15.68	0.18
Other current assets	63.56	0.26	38.15	0.29	23.88	0.27
<b>Total current assets</b>	<b>15,985.72</b>	<b>65.48</b>	<b>9,209.71</b>	<b>70.44</b>	<b>7,009.01</b>	<b>79.88</b>
<b>Non-current assets</b>						
Loan receivables - net of current portion	7,531.72	30.86	3,284.22	25.12	1,359.64	15.49
Investments in subsidiary	2.00	0.01	2.00	0.02	2.00	0.02
Land, buildings and equipment	772.43	3.16	519.66	3.97	362.32	4.13
Deferred tax assets	-	-	-	-	15.63	0.18
Intangible assets	21.59	0.09	3.72	0.03	3.52	0.04
Other non-current assets	98.20	0.40	54.48	0.42	22.92	0.26
<b>Total non-current assets</b>	<b>8,425.94</b>	<b>34.52</b>	<b>3,864.08</b>	<b>29.56</b>	<b>1,766.03</b>	<b>20.12</b>
<b>Total assets</b>	<b>24,411.66</b>	<b>100.00</b>	<b>13,073.79</b>	<b>100.00</b>	<b>8,775.04</b>	<b>100.00</b>



Statements of financial position (continued)	Year 2016		Year 2015		Year 2014	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	9,725.77	39.84	2,885.02	22.07	500.09	5.70
Short-term loans	562.19	2.30	332.75	2.54	-	-
Trade payables and other payables	224.37	0.92	124.29	0.95	102.38	1.17
Current portion of long-term loans from financial institutions	2,097.83	8.59	557.97	4.27	2,610.22	29.74
Current portion of long-term debentures	250.00	1.02	-	-	-	-
Current portion of liabilities under hire purchase and financial lease payable	13.93	0.06	11.13	0.09	7.13	0.08
Income tax payable	203.46	0.83	104.77	0.80	54.65	0.62
Other current liabilities	26.58	0.11	20.70	0.16	16.29	0.19
<b>Total current liabilities</b>	<b>13,104.13</b>	<b>53.67</b>	<b>4,036.63</b>	<b>30.88</b>	<b>3,290.76</b>	<b>37.50</b>
<b>Non-current liabilities</b>						
Long-term loans - net of current portion	2,498.88	10.24	3,099.26	23.70	356.65	4.06
Long-term debentures	2,076.32	8.51	250.00	1.91	-	-
Liabilities under hire purchase and financial lease payable - net of current portion	23.43	0.10	18.54	0.14	10.98	0.13
Deferred tax liabilities	7.89	0.03	5.15	0.04	-	-
Provision for long-term employee benefits	26.95	0.11	22.93	0.18	16.32	0.19
<b>Total non-current liabilities</b>	<b>4,633.47</b>	<b>18.99</b>	<b>3,395.88</b>	<b>25.97</b>	<b>383.95</b>	<b>4.38</b>
<b>Total liabilities</b>	<b>17,737.60</b>	<b>72.66</b>	<b>7,432.51</b>	<b>56.85</b>	<b>3,674.71</b>	<b>41.88</b>
<b>Shareholders' equity</b>						
Share capital						
Registered capital	2,120.00		2,120.00		2,120.00	
Issued and paid-up capital	2,120.00	8.68	2,120.00	16.22	2,120.00	24.16
Share premium	2,379.84	9.75	2,379.84	18.20	2,379.84	27.12
Retained earnings						
Appropriated - statutory reserve	184.40	0.76	109.40	0.84	68.40	0.78
Unappropriated	1,989.82	8.15	1,032.04	7.89	532.09	6.06
<b>Total shareholders' equity</b>	<b>6,674.06</b>	<b>27.34</b>	<b>5,641.28</b>	<b>43.15</b>	<b>5,100.33</b>	<b>58.12</b>
<b>Total liabilities and shareholders' equity</b>	<b>24,411.66</b>	<b>100.00</b>	<b>13,073.79</b>	<b>100.00</b>	<b>8,775.04</b>	<b>100.00</b>

Statements of comprehensive income	Year 2016		Year 2015		Year 2014	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
<b>Revenues</b>						
Interest income from loan receivables	3,772.13	84.51	2,161.07	84.69	1,562.30	84.23
- vehicle title loan						
Interest income from loan receivables	247.21	5.54	64.02	2.51	5.12	0.27
- personal loan						
Fee and service income	409.01	9.16	295.90	11.60	262.02	14.13
Dividend income	-	-	-	-	4.40	0.24
Other income	35.36	0.79	30.78	1.20	20.89	1.13
<b>Total revenues</b>	<b>4,463.71</b>	<b>100.00</b>	<b>2,551.77</b>	<b>100.00</b>	<b>1,854.73</b>	<b>100.00</b>
<b>Expenses</b>						
Selling and administrative expenses	1,983.65	44.44	1,267.61	49.68	881.64	47.53
Loss on disposals of assets foreclosed	15.25	0.34	6.27	0.24	13.49	0.73
Bad debts and doubtful accounts	331.73	7.43	24.73	0.97	14.20	0.77
<b>Total expenses</b>	<b>2,330.63</b>	<b>52.21</b>	<b>1,298.61</b>	<b>50.89</b>	<b>909.33</b>	<b>49.03</b>
<b>Profit before financial cost and income tax expenses</b>	<b>2,133.08</b>	<b>47.79</b>	<b>1,253.16</b>	<b>49.11</b>	<b>945.40</b>	<b>50.97</b>
Financial cost	328.03	7.35	227.58	8.92	265.98	14.34
<b>Profit before income tax expenses</b>	<b>1,805.05</b>	<b>40.44</b>	<b>1,025.58</b>	<b>40.19</b>	<b>679.42</b>	<b>36.63</b>
Income tax expenses	348.27	7.80	205.72	8.06	134.86	7.27
<b>Profit for the year</b>	<b>1,456.78</b>	<b>32.64</b>	<b>819.86</b>	<b>32.13</b>	<b>544.56</b>	<b>29.36</b>
<b>Other comprehensive income</b>						
Actuarial losses	-	-	(4.14)	(0.16)	-	-
Actuarial income tax	-	-	0.83	0.03	-	-
<b>Other comprehensive income for the year (loss)</b>	<b>-</b>	<b>-</b>	<b>(3.31)</b>	<b>(0.13)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>1,456.78</b>	<b>32.64</b>	<b>816.55</b>	<b>32.00</b>	<b>544.56</b>	<b>29.36</b>



(unit : million baht)

Statements of cash flow	Year 2016	Year 2015	Year 2014
<b>Cash flows from operating activities</b>			
Profit before income tax	1,805.05	1,025.58	679.42
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	90.81	48.29	28.70
Bad debts and doubtful accounts	331.73	24.73	14.20
Impairment loss on assets foreclosed (reversal)	2.50	(0.20)	(0.80)
Loss (gain) on disposals of equipment	1.38	(0.22)	(0.62)
Provision for long-term employee benefits	4.03	2.46	2.42
Dividend income	-	-	(4.40)
Interest and fee income from loan receivables	(4,019.34)	(2,225.09)	(1,567.42)
Other interest income	(2.91)	(8.87)	(2.61)
Financial cost	328.03	227.58	265.98
Loss from operating activities before changes in operating assets and liabilities	(1,458.72)	(905.74)	(585.13)
Decrease (Increase) in operating assets			
Short-term investments	-	500.00	(500.00)
Loan receivables	(10,724.73)	(5,102.30)	(1,586.74)
Other receivables - Subsidiary	(1.93)	(0.23)	2.86
Short-term loans	(12.19)	0.40	(4.66)
Other current assets	(27.90)	(14.07)	(2.10)
Other non-current assets	(44.94)	(32.66)	(12.98)
Increase (decrease) in operating liabilities			
Other payables	81.99	17.98	6.27
Other current liabilities	5.88	4.41	3.94
Cash received from (used in) operating activities	(12,182.54)	(5,532.21)	(2,678.54)
Cash received from interest and fee from loan receivables	3,814.28	2,139.64	1,533.12
Cash paid for income tax	(246.83)	(133.98)	(117.19)
<b>Net cash flows received from (used in) operating activities</b>	<b>(8,615.09)</b>	<b>(3,526.55)</b>	<b>(1,262.61)</b>
<b>Cash flows from investing activities</b>			
Cash paid for acquisition of land, building and equipment	(348.66)	(203.23)	(49.93)
Proceeds from disposals of equipment	3.28	1.16	1.66
Cash paid for acquisition of intangible assets	(17.87)	(0.20)	(3.14)
Dividend received	-	-	4.40
<b>Net cash flows received from (used in) investing activities</b>	<b>(363.25)</b>	<b>(202.27)</b>	<b>(47.01)</b>

(unit : million baht)

Statements of cash flow	Year 2016	Year 2015	Year 2014
<b>Cash flows from financing activities</b>			
Increase in short-term loans from financial institutions	6,742.41	2,351.62	271.55
Increase in short-term loans	222.97	332.75	-
Cash receipt from long-term loans	1,500.00	3,595.00	3,727.50
Repayment of long-term loans	(564.72)	(2,917.94)	(4,429.02)
Cash receipt from debenture issuance	2,073.63	250.00	-
Increase in liabilities under hire purchase and financial lease payable	7.69	11.55	0.49
Proceed from share capital issuance	-	-	2,924.84
Cash paid on interest	(196.61)	(179.27)	(268.16)
Cash paid on dividends	(424.00)	(275.60)	(300.00)
<b>Net cash flows received from (used in) financing activities</b>	<b>9,361.37</b>	<b>3,168.11</b>	<b>1,927.20</b>
Net increase (decrease) in cash and cash equivalents	383.03	(560.71)	617.58
Cash and cash equivalents at beginning of year	144.60	705.31	87.73
Cash and cash equivalents at end of year	527.63	144.60	705.31

Table depicting consolidated financial statements of the Company and its subsidiary

Statements of financial position	Year 2016		Year 2015		Year 2014	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	539.29	2.21	152.57	1.17	705.87	8.04
Short-term investments	-	-	1.00	0.01	501.00	5.71
Current portion of loan receivables	15,363.88	62.90	9,010.41	68.87	5,763.11	65.66
Short-term loans	27.47	0.11	15.28	0.12	15.68	0.18
Other current assets	64.94	0.27	38.40	0.29	24.03	0.28
<b>Total current assets</b>	<b>15,995.58</b>	<b>65.49</b>	<b>9,217.66</b>	<b>70.46</b>	<b>7,009.69</b>	<b>79.87</b>
<b>Non-current assets</b>						
Pledged bank deposits	5.00	0.02	3.00	0.02	3.00	0.03
Long-term deposits - Fixed deposit	1.00	0.00	-	-	-	-
Loan receivables - net of current portion	7,531.72	30.84	3,284.22	25.11	1,359.64	15.49
Land, buildings and equipment	772.46	3.16	519.71	3.97	362.39	4.13
Deferred tax assets	0.02	0.00	0.01	0.00	15.64	0.18
Intangible assets	21.59	0.09	3.72	0.03	3.52	0.04
Other non-current assets	98.20	0.40	54.48	0.41	22.93	0.26
<b>Total non-current assets</b>	<b>8,429.99</b>	<b>34.51</b>	<b>3,865.14</b>	<b>29.54</b>	<b>1,767.12</b>	<b>20.13</b>
<b>Total assets</b>	<b>24,425.57</b>	<b>100.00</b>	<b>13,082.80</b>	<b>100.00</b>	<b>8,776.81</b>	<b>100.00</b>



Statements of financial position (continued)	Year 2016		Year 2015		Year 2014	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	9,725.77	39.82	2,885.02	22.05	500.09	5.70
Short-term loans	562.19	2.30	332.75	2.54	-	-
Trade payables and other payables	228.53	0.94	128.72	0.98	105.27	1.20
Current portion of long-term loans from financial institutions	2,097.82	8.59	557.97	4.27	2,610.22	29.74
Current portion of long-term debentures	250.00	1.02	-	-	-	-
Current portion of liabilities under hire purchase and financial lease payable	13.93	0.06	11.13	0.09	7.13	0.08
Income tax payable	203.46	0.83	105.02	0.80	54.86	0.63
Other current liabilities	18.03	0.07	14.10	0.11	9.17	0.10
<b>Total current liabilities</b>	<b>13,099.73</b>	<b>53.63</b>	<b>4,034.71</b>	<b>30.84</b>	<b>3,286.74</b>	<b>37.45</b>
<b>Non-current liabilities</b>						
Long-term loans - net of current portion	2,498.88	10.23	3,099.26	23.69	356.65	4.06
Long-term debentures	2,076.31	8.50	250.00	1.91	-	-
Liabilities under hire purchase and financial lease payable - net of current portion	23.43	0.10	18.54	0.14	10.98	0.13
Deferred tax liabilities	7.89	0.03	5.15	0.04	-	-
Provision for long-term employee benefits	27.05	0.11	23.00	0.18	16.38	0.19
<b>Total non-current liabilities</b>	<b>4,633.56</b>	<b>18.97</b>	<b>3,395.95</b>	<b>25.96</b>	<b>384.01</b>	<b>4.38</b>
<b>Total liabilities</b>	<b>17,733.29</b>	<b>72.60</b>	<b>7,430.66</b>	<b>56.80</b>	<b>3,670.75</b>	<b>41.83</b>
<b>Shareholders' equity</b>						
Share capital						
Registered capital	2,120.00		2,120.00		2,120.00	
Issued and paid-up capital	2,120.00	8.68	2,120.00	16.20	2,120.00	24.15
Share premium	2,379.84	9.75	2,379.84	18.19	2,379.84	27.12
Retained earnings						
Appropriated - statutory reserve	184.40	0.75	109.40	0.84	68.40	0.78
Unappropriated	2,008.04	8.22	1,042.90	7.97	537.82	6.12
<b>Total shareholders' equity</b>	<b>6,692.28</b>	<b>27.40</b>	<b>5,652.14</b>	<b>43.20</b>	<b>5,106.06</b>	<b>58.17</b>
<b>Total liabilities and shareholders' equity</b>	<b>24,425.57</b>	<b>100.00</b>	<b>13,082.80</b>	<b>100.00</b>	<b>8,776.81</b>	<b>100.00</b>

Statements of comprehensive income	Year 2016		Year 2015		Year 2014	
	Million	Percent	Million	Percent	Million	Percent
	baht		baht		baht	
<b>Revenues</b>						
Interest income from loan receivables	13	84.35	2,161.07	84.45	1,562.30	84.17
- vehicle title loan						
Interest income from loan receivables	247.21	5.53	64.02	2.50	5.12	0.28
- personal loan						
Fee and service income	436.07	9.75	317.29	12.40	279.32	15.05
Other income	16.59	0.37	16.56	0.65	9.34	0.50
<b>Total revenues</b>	<b>4,472.00</b>	<b>100.00</b>	<b>2,558.94</b>	<b>100.00</b>	<b>1,856.08</b>	<b>100.00</b>
<b>Expenses</b>						
Selling and administrative expenses	1,984.59	44.38	1,268.60	49.58	882.56	47.55
Loss on disposals of assets foreclosed	15.25	0.34	6.27	0.24	13.49	0.73
Bad debts and doubtful accounts	331.73	7.42	24.73	0.97	14.20	0.76
<b>Total expenses</b>	<b>2,331.57</b>	<b>52.14</b>	<b>1,299.60</b>	<b>50.79</b>	<b>910.25</b>	<b>49.04</b>
<b>Profit before financial cost and income tax expenses</b>	<b>2,140.43</b>	<b>47.86</b>	<b>1,259.34</b>	<b>49.21</b>	<b>945.83</b>	<b>50.96</b>
Financial cost	328.03	7.34	227.58	8.89	265.98	14.33
<b>Profit before income tax expenses</b>	<b>1,812.40</b>	<b>40.53</b>	<b>1,031.76</b>	<b>40.32</b>	<b>679.85</b>	<b>36.63</b>
Income tax expenses	348.26	7.79	206.76	8.08	135.73	7.31
<b>Profit for the year</b>	<b>1,464.14</b>	<b>32.74</b>	<b>825.00</b>	<b>32.24</b>	<b>544.12</b>	<b>29.32</b>
<b>Other comprehensive income</b>						
Actuarial losses	-	-	(4.14)	(0.16)	-	-
Actuarial income tax	-	-	0.83	0.03	-	-
<b>Other comprehensive income for the year (loss)</b>	<b>-</b>	<b>-</b>	<b>(3.31)</b>	<b>(0.13)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>1,464.14</b>	<b>32.74</b>	<b>821.69</b>	<b>32.11</b>	<b>544.12</b>	<b>29.32</b>





(unit : million baht)

Statements of cash flow	Year 2016	Year 2015	Year 2014
<b>Cash flows from operating activities</b>			
Profit before income tax	1,812.40	1,031.76	679.85
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	90.82	48.31	28.71
Bad debts and doubtful accounts	331.73	24.73	14.20
Impairment loss on assets foreclosed (reversal)	2.50	(0.20)	(0.80)
Loss (gain) on disposals of equipment	1.39	(0.22)	(0.62)
Provision for long-term employee benefits	4.05	2.48	2.44
Interest and fee income from loan receivables	(4,019.34)	(2,225.09)	(1,567.42)
Other interest income	(3.01)	(8.93)	(2.68)
Financial expenses	328.03	227.58	265.98
Loss from operating activities before changes in operating assets and liabilities	(1,451.43)	(899.58)	(580.34)
Decrease (Increase) in operating assets			
Short-term investments	-	500.00	(500.00)
Loan receivables	(10,724.73)	(5,102.29)	(1,586.74)
Short-term loans	(12.19)	0.40	(4.66)
Other current assets	(28.03)	(14.18)	(2.20)
Other non-current assets	(44.94)	(32.67)	(12.98)
Increase (decrease) in operating liabilities			
Other payables	81.26	19.53	7.17
Other current liabilities	3.94	4.92	1.96
Cash received from (used in) operating activities	(12,176.12)	(5,523.87)	(2,677.79)
Cash received from interest and fee from loan receivables	3,814.36	2,139.71	1,533.20
Cash paid for income tax	(247.64)	(134.99)	(118.08)
<b>Net cash flows received from (used in) operating activities</b>	<b>(8,609.40)</b>	<b>(3,519.15)</b>	<b>(1,262.67)</b>
<b>Cash flows from investing activities</b>			
Decrease in pledged bank deposit	(2.00)	-	(1.00)
Cash paid for acquisition of land, building and equipment	(348.66)	(203.23)	(50.00)
Proceeds from disposals of equipment	3.28	1.16	1.66
Cash paid for acquisition of intangible assets	(17.87)	(0.20)	(3.14)
<b>Net cash flows received from (used in) investing activities</b>	<b>(365.25)</b>	<b>(202.27)</b>	<b>(52.48)</b>

(unit : million baht)

Statements of cash flow (cont'd)	Year 2016	Year 2015	Year 2014
<b>Cash flows from financing activities</b>			
Increase in short-term loans from financial institutions	6,742.41	2,351.62	271.55
Increase in short-term loans	222.97	332.75	-
Cash received from long-term loans	1,500.00	3,595.00	3,727.50
Repayment of long-term loans	(564.72)	(2,917.94)	(4,429.02)
Cash receipt from debenture issuance	2,073.63	250.00	-
Increase in liabilities under hire purchase and financial lease payable	7.69	11.55	0.50
Proceed from share capital issuance	-	-	2,924.84
Cash paid on interest	(196.61)	(179.27)	(268.16)
Cash paid on dividends	(424.00)	(275.60)	(300.00)
<b>Net cash flows received from (used in) financing activities</b>	<b>9,361.37</b>	<b>3,168.11</b>	<b>1,927.21</b>
Net increase (decrease) in cash and cash equivalents	386.72	(553.31)	612.06
Cash and cash equivalents at beginning of year	152.57	705.88	93.82
Cash and cash equivalents at end of year	539.29	152.57	705.88

### 13.3 Important Financial Ratio

Item	Year 2016	Year 2015	Year 2014
<b>Profitability Ratio</b>			
Interest Income Ratio <sup>(1)</sup> (%)	22.84%	22.92%	24.81%
Interest Expense Ratio (%)	2.73%	4.18%	5.98% <sup>(2)</sup>
Interest Spread (%)	20.11%	18.74%	18.83%
Net Profit Margin (%)	32.74%	32.24%	29.32%
Return on Average Shareholders' Equity (%)	23.72%	15.34%	15.45%
<b>Efficiency Ratio</b>			
Net Interest Income to Total Assets (%)	19.68%	18.28%	17.60%
Return on Average Assets (%)	7.81%	7.55%	7.36%
Total Asset Turnover (times)	0.24	0.23	0.25
<b>Financial Ratio</b>			
Debt to Equity Ratio (times)	2.65	1.31	0.72
Total Loans to Total Borrowing (times)	1.35	1.73	2.05
Dividend Payout Ratio	14.48%	51.71%	50.65%
<b>Asset Quality Ratio</b>			
Allowance for Doubtful Account to Total Loans (%)	2.74%	2.66%	4.36%
Bad Debt and Doubtful Account to Total Loans (%)	0.09%	0.11%	0.15%
Non-accrued Loans to Total Loans (%)	1.24%	1.03%	1.50%

Remark : <sup>(1)</sup> Interest Income Ratio calculated from total of interest income and penalty fee of loan settlement before the contract ends divided by average loan receivables.

<sup>(2)</sup> Calculated by adjusting impacts from loan repayment during November to December 2014



## 14. Management Discussion and Analysis

### 14.1 Overview of Operating Performance in the past

The Company started its business by providing hire purchase loan for new and used motorcycle of all brands through the channel of motorcycle distributors in Phitsanuloke and other provinces in the lower northern region. Target customers were fixed income employee (daily and monthly paid), agriculturer and other self-employed individuals. Later, the Company has increased its product lines by offering vehicle title loans (loan against vehicle registration) to existing customers who had paid up their first loan and expanding the type of vehicles from motorcycle to car and other farm vehicles, which enabled the Company to service larger groups of customer. In 2001, the Company stopped offering hire purchase product because many motorcycle manufacturers and dealers started to provide hire purchase service for their customers. The increase of service providers resulted in more competitions in the industry. In 2006, the Company envisioned an opportunity to expand by entering the personal loan industry under the supervision of Bank of Thailand so it had submitted the application to operate the business. After the license was granted by the Ministry of Finance on 31 August 2006, the Company has been able to expand drastically by offering consumer loans through our own branches.

In 2011, The Company invested in Muangthai Leasing Insurance Broker Company, the insurance broker, buying 99.99% of its total paid-up capital with the objective to provide additional services to the Company's loan customers.

The Company emphasized on providing service excellence to its customers with the Company's slogan of "Intimate services like closed family members". As a result the Company has well gained customer trust and received repeated business continually.

### 14.2 Analysis of Operating Performance

#### 14.2.1 Income

The Company and its subsidiary had total income of 1,856.08 million baht in 2014 and 2,558.94 million baht in 2015, equaling to 37.87% growth rate. In 2016, the Company and its subsidiary had total income of 4,471.99 million baht, increased by 1,913.05 million baht (74.76% YoY). Total income of the Company and its subsidiary consisted of interest income on loans, fee & service income, and other incomes as details shown below:

Income	Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%
Interest income - vehicle title loans	1,562.30	84.17	2,161.07	84.45	3,772.13	84.35
Interest income - personal loans and Nano Finance	5.12	0.28	64.02	2.50	247.21	5.53
Total interest income on loans	1,567.42	84.45	2,225.09	86.95	4,019.34	89.88
Fee & service income	262.02	14.12	295.90	11.56	409.01	9.15
Brokerage income*	17.30	0.93	21.39	0.84	27.06	0.60
Other incomes	9.34	0.50	16.56	0.65	16.58	0.37
<b>Total income</b>	<b>1,856.08</b>	<b>100.00</b>	<b>2,558.94</b>	<b>100.00</b>	<b>4,471.99</b>	<b>100.00</b>

Remark : Brokerage income was income from the business of the Company's subsidiary, MTLI

### Interest Income on Loans

Interest income on loans was the main income of the Company and its subsidiary, 84-90% of the total income. The Company had interest income on loan for 1,567.42 million baht in 2014, 2,225.09 million baht in 2015 and 4,019.34 million baht in 2016, equaling to growth rate of 41.96% and 80.63% respectively. The Company's interest income on loans consisted of

- (1) Interest income on vehicle title and land title deed loans. Vehicle title loan was the main loan service that the Company provided for its customers. The Company had interest income of 1,562.30 million baht in 2014, 2,161.07 million baht in 2015 and 3,772.13 million baht in 2016. The growth rates were 38.33% and 74.55% respectively.
- (2) Interest income on personal loan and nano finance. The Company provided personal loan and nano finance to customers who were using vehicle title loan with the Company and had good payment history. In 2016, the trend of household consumption has been gradually recovered, resulting in the increasing demands for personal loans. The Company had interest incomes on personal loan and nano finance for 5.12 million baht, 64.02 million baht and 247.21 million baht from 2014 to 2016 respectively.

Vehicle Title and Land Title Deed Loan				
	Yr 2014	Yr 2015	Yr 2016	Growth rate (%)
Interest income from loan receivables - vehicle title and land title deed loan (million baht)	1,562.30	2,161.07	3,772.13	74.55
Total loan - vehicle title and land title deed loan (million baht)	12,412.42	19,461.21	35,213.13	80.94
Total loan receivables - vehicle title loan and land title deed (million baht)	7,413.41	12,179.04	22,053.31	81.07
Number of loan contracts	834,994	1,088,324	1,569,708	44.23

Personal Loan and Nano finance				
	Yr 2014	Yr 2015	Yr 2016	Growth rate (%)
Interest income from loan receivables - personal loan and nano finance (million baht)	5.12	64.02	247.21	286.14
Total loan - personal loan and nano finance (million baht)	58.57	770.40	2,508.81	225.65
Total loan receivables - personal loan and nano finance (million baht)	34.32	451.16	1,487.93	229.80
Number of loan contracts	13,864	105,681	262,921	148.78

The main reason of the continuously growing interest income was the expansion of the Company's branch network, from 940 branches in 2015 to 1,664 branches in 2016. Loan to customers increased consistently; vehicle title loan and land title deed loan grew from 12,412.42 million baht in 2014 to 19,461.21 million baht in 2015 and 35,213.13 million baht in 2016, equaling to growth rate of 56.79% and 80.94% respectively. In term of contracts, the number grew from



834,994 contracts in 2014 and 1,088,324 contracts in 2015 to 1,569,708 contracts in 2016. For personal loan and nano finance, during 2014-2016, the amount of loan to customer grew from 58.57 million baht in 2014 to 770.40 million baht in 2015 and 2,508.81 million baht in 2016. The number of contracts increased from 13,864 in 2014 to 105,681 contracts in 2015 and 262,921 contracts in 2016.

#### **Fee & Service Income**

The Company and its subsidiary had fee & service income of 279.32 million baht in 2014, 317.29 million baht in 2015 and 436.07 million baht in 2016, which were YoY 15.05%, 12.40% and 9.75% increase respectively. The fee & service income included the Company's fee and service income as well as fee and service income from MTLI, which is the Company's subsidiary.

During 2014-2016, the Company had fee & service income of 262.02 million baht, 295.90 million baht and 409.01 million baht, equaling to the growth rate of 12.93% and 38.22% respectively. The fee & service income comprised penalty and collection fee which the Company charged to customers who failed to pay their installment due, at the rate of 3%-9% of the outstanding depended on the type of collaterals and the credit limit while the collection fee of personal loan was charged as per number of collection calls. The fee income has been increased in the same direction with the interest income growth.

For MTLI's fee & service income, as non-life insurance broker, MTLI had income from the selling of insurance policies which were 17.30 million baht in 2014, 21.39 million baht in 2015 and 27.06 million baht in 2016. MTLI's insurance selling was only to the Company's customers who contacted its branches and its service centres. Thus, the growth of brokerage income was in line with the growth of the Company's total loans.

#### **14.2.2 Operating Expenses**

Operating Expenses	Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%
Selling and administrative expenses	882.56	75.03	1,268.60	83.07	1,984.59	74.62
Losses on disposals of assets foreclosed	13.49	1.15	6.27	0.41	15.25	0.57
Bad debts and doubtful accounts	14.20	1.21	24.73	1.62	331.73	12.47
Financial cost	265.98	22.61	227.58	14.90	328.03	12.34
<b>Total expenses</b>	<b>1,176.23</b>	<b>100.00</b>	<b>1,527.18</b>	<b>100.00</b>	<b>2,659.60</b>	<b>100.00</b>
Percentage to Total income		63.37		59.68		59.47

The Company and its subsidiary had total expenses of 1,176.23 million baht in 2014, 1,527.18 million baht in 2015 and 2,659.60 million baht in 2016, equaling to 63.37%, 59.68% and 59.47% of its total income. Total expenses included selling and administrative expenses, loss on disposal of assets foreclosed, bad debts and doubtful accounts and financial cost, with the following details.

### **Selling and administrative expenses**

Selling and administrative expenses were the major expenses for the Company's business operations with the ratio of 75-83% of the total expenses. During 2014-2016, the Company and its subsidiary had selling and administrative expenses of 882.56 million baht, 1,268.60 million baht and 1,984.59 million baht, equaling to YoY of 47.55%, 49.58% and 44.38% of total income respectively.

Key selling and administrative expenses included employee expenses such as salary, position allowance, bonus, commission and other benefits, representing 55-58% of the total selling and administrative expenses. The Company and its subsidiary had employee expenses of 514.13 million baht in 2014, 710.16 million baht in 2015 and 1,097.01 million baht in 2016. The consistently increasing selling administrative expenses resulted from the Company's policy to expand its branch network to cover more service areas nationwide. The number of its employee increased from 1,715 persons at year-end 2014 to 2,617 persons at year-end 2015 and 4,185 persons at the end of year 2016.

The second major expense in this category was rental and rental right, which was 11-19% of total selling and administrative expenses. The amount of rental and rental right increased from 97.12 million baht in 2014, 164.46 million baht in 2015 and 250.25 million baht in 2016. This was also resulted from the above mentioned Company's policy to expand its branch network continuously. Generally, the Company had rental contracts with external person or related person of 3 years rental right and the right to extend the rent for other 3 years. Apart from the two major expenses, the expenses included in this category were travel expense, depreciation, utilities, communication expense and promotion and sales campaign, etc.

### **Losses on disposals of assets foreclosed**

The Company had decided to tighten up its loan approval criteria which resulted in increasing number of cars foreclosed comparing to the past, from 12,883 cars in 2014 and 11,287 cars in 2015 and 13,628 cars in 2016, which increased from the number of the same period in the previous year for 2,341 cars. The highly increasing number of foreclosed cars in each auction event impacted the auction prices due to excessive supply at the time each auction took place. As a result, the Company had losses on disposal of foreclosed assets for 13.49 million baht in 2014, 6.27 million baht in 2015 and 15.25 million baht in 2016 or 1.15%, 0.41% and 0.57% of total expenses each year. In 2014 the Company's average losses on the disposal of foreclosed car was at 1,085 baht per car and in 2015 the Company's average losses on the disposal of foreclosed car decreased to 571 baht per car while the average losses became 1,119 baht per car in 2016.

### **Bad debts and Doubtful accounts**

The Company had bad debts and doubtful accounts of 14.20 million baht in 2014, 24.73 million baht in 2015 and 331.73 million baht in 2016. Doubtful accounts are accounting estimates which the Company shall consider the method which align with business situations as well as customers' ability to pay back the debts, payment history and actual losses in the past. Following is table shown details of the Company's doubtful account allowance ratio.



Account Receivables Aging	Percentage of doubtful accounts allowance Since 1 January 2012 onwards
Undue account receivables and overdue less than 30 days	1%
Overdue account receivables 31-90 days	2%
Overdue account receivables over 90 days	100%
Account receivables transferred to legal department	100%

Moreover, the Company has set aside additional loan loss reserve to cover future losses, by assessing the information of losses in the past. As a result, in 2015 the Company set loan loss reserve by account receivables aging at 215.97 million baht and loan loss reserve for potentially uncollectible loans at 119.6 million baht. While in 2016, the Company's loan loss reserve by account receivables ageing was at 419.28 million baht and the loan loss reserve for potentially uncollectible loans was at 226.36 million baht. The loan loss reserve for potentially uncollectible loans helped strengthen the ratio of loan loss reserve to non-performance loan. In 2015 and 2016, the Company's ratio of loan loss reserve to non-performance loan was 287.61% and 257.35% respectively.

In 2016, the Company had bad debts and doubtful accounts allowance at 331.73 million baht, which was 306.99 million baht higher than the previous year. This is due to the fact that the Company's loan portfolio has been significantly increased from 12,630.20 million baht in 2015 to 23,541.24 million baht, which was 10,911.04 million baht or 86.38% increase. While total account receivables with aging undue and overdue less than 30 days slightly decreased from 91.89% in 2015 to 91.50% in 2016 and total account receivables overdue 31-90 days increased from 7.18% in 2015 to 7.44% in 2016. Total account receivable overdue over 90 days slightly increased from 0.92% in 2015 to 1.07% in 2016. The Company has also set aside more loan loss reserve for potentially uncollectible loans during this period of 106.76 million baht.

During 2014-2016, the Company's total write-off were 11.34 million baht, 14.15 million baht and 21.66 million baht respectively, equaling to 0.15%, 0.11% and 0.09% of account receivables less unearned financial income each year.

### **Financial Cost**

The Company and its subsidiary had financial cost, during 2014-2016, of 265.98 million baht, 227.58 million baht and 328.03 million baht, which equaled to (14.44%) YoY and 44.14% YoY respectively. The Company's financial cost in 2016 increased 100.45 million baht from the previous year due to the increase of loans with interest. The Company's loan increased from 3,485.08 in 2014 to 7,154.68 in 2015 and 17,248.34 million baht in 2016. The increase of interest-bearing debts was to support the expansion of the Company's lending portfolio.

### 14.2.3 Profitability

#### Interest Spread

		Yr 2014	Yr 2015	Yr 2016
Interest income rate*	(percent)	24.81	22.92	22.84
Interest expense rate	(percent)	5.98**	4.18	2.73
Interest spread	(percent)	18.83	18.74	20.11

\* Interest Income Ratio calculated from total of interest income and penalty fee of loan settlement before the contract ends divided by average loan receivables.

\*\* Calculated by adjusting impact from the Company loans' repayments during November - December 2014

The Company's Interest income rate (Interest and fee) were 24.81%, 22.92% and 22.84% in year 2014-2016 respectively. The decrease of interest income rate when comparing to 2015 was due to the Company reduced its interest income rate to satisfy customer's needs and the increasing ratio of car loans (when the interest rate of car loan is lower than the motorcycle loan's.) Meanwhile, the Company's interest expense rates were at 5.98% in 2014, 4.18% in 2015 and 2.73% in 2016. Resulted from the Company's favorable negotiation with financial institutes to get low-interest loan, our interest spread were 18.83% in 2014, 18.74% in 2015 and 20.11% in 2016.

#### Net Profit

Resulting from the above mentioned business operating, the Company and its subsidiary had net profit on 544.12 million baht in 2014 and 825.00 million baht in 2015, which were 29.32% and 32.24% respectively. In 2016, the Company and its subsidiary's profit was 1,464.14 million baht or 32.74%, which were higher than in the previous years.

## 14.3 Financial Position

### 14.3.1 Assets

At the end of year 2014-2016, the Company and its subsidiary's total assets valued 8,776.81 million baht, 13,082.80 million baht and 24,425.57 million baht respectively. The core assets of the Company were loan receivables which were up to 7,122.75 million baht, 12,294.63 million baht and 22,895.60 million baht, equaling to 81.15%, 93.98% and 93.74% of total assets respectively.

The Company and its subsidiary had current assets of 7,009.69 million baht, 9,217.66 million baht and 15,995.58 million baht at the end of year 2014-2016 respectively. The core current assets were current portion of loan receivables (loans with period to pay off less than one year) of 5,763.11 million baht, 9,010.41 million baht and 15,363.88 million baht at the end of year 2014-2016 respectively, equaling to 82.22%, 97.75% and 96.05% of current assets each year.

For non-current assets, the Company and its subsidiary had non-current assets of 1,767.12 million baht, 3,865.14 million baht and 8,429.99 million baht at the end of 2014-2016 respectively. The core non-current assets were loan receivables - net of current portion which were 1,359.64 million baht, 3,284.22 million baht and 7,531.72 million baht at the end of 2014-2016 respectively, equaling to 76.94%, 84.97% and 89.34% of total non-current assets respectively. The second largest portion were land, building and equipment - net, which were 362.39 million baht, 519.71 million baht and 772.46 million baht or 20.51%, 13.45% and 9.16% of total non-current assets respectively.





### Loan Receivables

At the end of year 2014-2016, the Company has loan receivables at 7,122.75 million baht, 12,294.63 million baht and 22,895.60 million baht respectively, which consisted of current portion of loan receivables (loans with period to pay off less than one year) of 5,763.11 million baht, 9,010.41 million baht and 15,363.88 million baht, equaling to 80.91%, 73.29% and 67.10% of total loan receivables, while Loan receivables - net of current portion were 1,359.64 million baht, 3,284.22 million baht and 7,531.72 million baht equaling to 19.09%, 26.71% and 32.90% of total loan receivables.

	Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%
Current portion of loan receivables	5,763.11	80.91	9,010.41	73.29	15,363.88	67.10
Loan receivables - net of current portion	1,359.64	19.09	3,284.22	26.71	7,531.72	32.90
<b>Loan receivables - Total</b>	<b>7,122.75</b>	<b>100.00</b>	<b>12,294.63</b>	<b>100.00</b>	<b>22,895.60</b>	<b>100.00</b>

### Debt Structure classified by type of collateral

Type of collateral	Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%
Motorcycle	5,902.89	79.26	7,525.97	59.59	10,555.18	44.84
Car	1,310.22	17.59	3,862.30	30.58	7,778.87	33.04
Farm vehicles	200.30	2.69	538.44	4.26	1,136.47	4.83
Personal loan	34.32	0.46	340.37	2.69	1,036.83	4.40
Land	-	-	252.32	2.00	2,582.79	10.97
Nano finance	-	-	110.80	0.88	451.10	1.92
<b>Total</b>	<b>7,447.73</b>	<b>100.00</b>	<b>12,630.20</b>	<b>100.00</b>	<b>23,541.24</b>	<b>100.00</b>

\* Numbers shown in the above table are loan receivables less unearned financial income (before less allowance for doubtful account)

In 2014-2016, the Company's loan receivables consisted of secured loan receivables representing 93.68-99.54% and unsecured loan receivables representing 0.46-6.32% respectively. For secured loans, the largest portion was the motorcycle title loan, followed by the car title loan and land title deed loan, with the instalment periods ranging from 6-50 months. While the unsecured loans included personal loan and nano finance with the instalment periods ranging from 6-30 months.

## Debt Classification

Account receivable less unearned financial income	Year 2014		Year 2015		Year 2016	
	Million THB	%	Million THB	%	Million THB	%
Undue	5,559.82	74.65	9,923.66	78.57	18,496.99	78.57
Overdue 1-30 days	1,110.88	14.92	1,682.53	13.32	3,042.13	12.92
Overdue 31-90 days	674.85	9.06	907.33	7.18	1,751.24	7.44
Overdue 91-180 days	22.44	0.30	28.66	0.23	99.32	0.42
Overdue 181-365 days	22.56	0.30	25.41	0.20	74.80	0.32
Overdue over 365 days	18.83	0.25	14.64	0.12	7.39	0.03
Transferred to legal department	38.35	0.52	47.97	0.38	69.37	0.30
<b>Total</b>	<b>7,447.73</b>	<b>100.00</b>	<b>12,630.20</b>	<b>100.00</b>	<b>23,541.24</b>	<b>100.00</b>
Less: Allowance for doubtful accounts	(324.99)	(4.36)	(335.57)	(2.66)	(645.64)	(2.74)
<b>Loan receivables - Total</b>	<b>7,122.74</b>	<b>95.64</b>	<b>12,294.63</b>	<b>97.34</b>	<b>22,895.60</b>	<b>97.26</b>

The large portion of the Company's account receivables included undue accounts or overdue less than 30 days, representing 89.57% in 2014, 91.89% in 2015 and 91.49% in 2016. The overdue 31-90 days group represented 9.06%, 7.18% and 7.44% respectively while the account receivables with aging over 90 days were only 1.37%, 0.93% and 1.07% respectively. These numbers reflected that the Company's account receivables had high quality with undue accounts and accounts overdue less than 30 days at 89%-92% of total loan receivables less unearned financial income. Main reason was the Company's policy to assess and evaluate its credit officers with comprehensive criteria, which enabled the strictly controlled loan approval and highly efficient loan monitoring and collection.

When considering the adequacy of loan loss reserve, it is notable that at the end of 2016, the Company had reserved 645.64 million baht or 2.74% of total loan receivables before deducting allowance for doubtful accounts, which increasing from year 2015 when the Company reserved 335.57 million baht or 2.66% of total loan receivables before deducting allowance for doubtful accounts. Meanwhile, the Company had written off 14.15 million baht in 2015 and 21.66 million baht in 2016 which were 0.11% and 0.09% of total loan receivables before deducting allowance for doubtful accounts respectively.

## Land, Building and Equipment

The Company and its subsidiary had land, building and equipment - net of 362.39 million baht in 2014, 519.71 million baht in 2015 and 772.46 million baht at the year-end of 2016, equaling to 4.13%, 3.97% and 3.16% of total assets respectively. The Company and its subsidiary had low portion of fixed assets because it mostly used rented buildings for its branches. Most of fixed assets were office equipment, computer and company car.



### 14.3.2 Liquidity

#### Cash Flow

(Unit : million baht)

	Yr 2014	Yr 2015	Yr 2016
Net cash flows received from (used in) operating activities	(1,262.67)	(3,519.15)	(8,609.40)
Net cash flows received from (used in) investing activities	(52.48)	(202.27)	(365.25)
Net cash flows received from (used in) financial activities	1,927.21	3,168.11	9,361.37
Net cash and cash equivalent increase (decrease)	612.06	(553.31)	386.72

In 2014, the Company and its subsidiary had net cash flows used in operating activities of 1,262.67 million baht, resulting from the increase of account receivables for 1,586.74 million baht. The Company had bought more vehicles and equipment of 53.14 million baht. So the total net cash flow used in investing activities was 52.48 million baht. For financial activities, the Company received cash from selling its shares to public (IPO) of 2,997.50 million baht and cash receive from long-term loan from financial institute of 3,727.50 million baht. While the Company had paid off 4,429.02 million baht long-term loan from financial institute and paid interest of 268.16 million baht, resulting in net cash flows received from financial activities of 1,927.21 million baht. In year 2014, the Company and its subsidiary has net cash and cash equivalent increase of 612.06 million baht.

In 2015, the Company and its subsidiary had net cash flows used in operating activities of 3,519.15 million baht, resulting from the increase of account receivables for 5,102.30 million baht. The Company had bought more vehicles and equipment of 203.43 million baht and disposal of equipment of 1.16 million baht. So the total net cash flow used in investing activities was 202.27 million baht. For financial activities, the Company received cash from short-term loan of 2,684.37 million baht and cash receive from long-term loan from financial institute of 3,845 million baht. While the Company had paid off 2,917.94 million baht long-term loan from financial institute and paid interest of 179.27 million baht, resulting in net cash flows received from financial activities of 3,168.11 million baht. In year 2015, the Company and its subsidiary has net cash and cash equivalent decrease of 553.31 million baht.

In 2016, the Company and its subsidiary had net cash flows used in operating activities of 8,609.40 million baht, resulting from the increase of account receivables for 10,724.73 million baht. The Company had bought more vehicles, equipment and intangible assets of 366.53 million baht and disposal of equipment of 3.28 million baht. So the total net cash flow used in investing activities was 365.25 million baht. For financial activities, the Company received cash from short-term loan of 6,965.38 million baht and cash receive from long-term loan of 1,500 million baht. While the Company had paid off 564.72 million baht long-term loan and paid interest of 196.61 million baht, resulting in net cash flows received from financial activities of 9,361.37 million baht. Therefore, in year 2016, the Company and its subsidiary has net cash and cash equivalent increase of 386.72 million baht.

### 14.3.3 Sources of Fund

At the end of 2014-2016, the Company and its subsidiary had financial liabilities, shareholders' equity and debt to equity ratio with details as follows.

Sources of fund	31 December 2014		31 December 2015		31 December 2016	
	Million baht	Percent	Million baht	Percent	Million baht	Percent
Loans						
Short-term loan	501.89	5.84	3,230.00	25.24	10,315.00	43.09
Long-term loan	2,987.66	34.76	3,914.72	30.59	6,929.00	28.95
Total loans	3,489.55	40.60	7,144.72	55.83	17,244.00	72.04
Shareholders' equity	5,106.05	59.40	5,652.14	44.17	6,692.28	27.96
<b>Total sources of fund</b>	<b>8,595.60</b>	<b>100.00</b>	<b>12,796.86</b>	<b>100.00</b>	<b>23,936.28</b>	<b>100.00</b>

The main source of fund of the Company and its subsidiary was loans from commercial banks which represented 40-72% of total sources of fund. Loans from commercial banks mostly were long-term loan with payment period 15-36 months. The second source was from shareholders' equity which was approximately 28-59% of total sources of fund. Both sources of fund were considered long-term which aligned with loans which the Company provided to its customers that had average instalment period of 10-24 months. This reflected that the Company and its subsidiary had appropriate fund structure which was in line with its main business of providing loan services.

### Liabilities

At the end of 2014-2016, the Company and its subsidiary had total liabilities of 3,670.75 million baht, 7,430.66 million baht and 17,733.29 million baht respectively. Major portions of their liabilities were long-term loans from financial institutions, bank overdrafts and short-term loans from financial institutions and the bond market. The increase of total liabilities was in line with the expansion of the Company's loan portfolio.

### Shareholders' Equity

At the end of 2014, the Company and its subsidiary had total shareholders' equity of 5,106.05 million baht, increasing from 2013 for 3,168.96 million baht. This was resulted from the increase of retained earnings and the Company's capital increase of 545 million baht during 19-21 November 2014. The Company had offered to the public the newly issued shares of 545 million shares with the par value of 1 baht and sold at the offered price of 5.50 baht per share, resulting in total of 2,997.50 million baht capital increase. And the Company paid dividend of 300 million baht to its shareholders.

At the end of 2015, the Company and its subsidiary had total shareholders' equity of 5,652.14 million baht, increasing from 2014 for 546.09 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 275.6 million baht to its shareholders.



At the end of 2016, the Company and its subsidiary had total shareholders' equity of 6,692.28 million baht, increasing from 2015 for 1,040.14 million baht. This was resulted from the increasing retained earnings from the increasing operating results. The Company paid dividend of 424 million baht to its shareholders.

#### **Return on Equity**

The Company and its subsidiary provided return on equity at 15.45% in 2014, 15.34% in 2015 and 23.72% in 2016. With the consistent growth in their business operation, during 2014-2016, the Company and its subsidiary had paid the dividend to the shareholders of 300 million baht, 275.6 million baht and 424 million baht respectively.

#### **Optimal Capital Structure**

The Company and its subsidiary had debt to equity ratio of 0.72 times at the end of 2014, 1.31 times in 2015 and 2.65 times in 2016. This reflected the optimal capital structure of the Company and its subsidiary for its business operation.

## **15. Additional Information**

Investors may see more detailed information of Muengthai Leasing Public Company Limited from its Disclosure report concerning additional information (Form 56-1).

## Independent Auditor's Report

To the Shareholders of Muangthai Leasing Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of Muangthai Leasing Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Muangthai Leasing Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muangthai Leasing Public Company Limited and its subsidiary and of Muangthai Leasing Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

### ***Allowance for doubtful accounts for loan receivables***

As discussed in Note 4.6 to the financial statements, the estimation of allowance for doubtful accounts for loan receivables was based on the estimated possible loss from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgement in estimating allowances for losses that are expected to be incurred for each debtor and determining the appropriate timing of the recognition of such allowances. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2016, the Company had loan receivables of Baht 23,541 million (representing 96% of total assets) and allowance for doubtful accounts of Baht 646 million. Therefore, I focused on the audit of the adequacy of the allowance for doubtful accounts.

I assessed and tested the internal controls relevant to the collection of debts, the calculation of debtor aging and the determination of allowance for doubtful accounts for loan receivables and the recording of related accounting entries by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the methods, key information and assumptions used by the Company in calculating the allowance for doubtful accounts by reviewing key information to its sources, and performing comparative analysis on the assumptions that the Company used and the historical data. In addition, I evaluated the consistency of the application of assumptions, performed sampling tests on the data used in calculation of the allowance, and tested the calculation of debtor aging and allowance for doubtful accounts.

### ***Recognition of interest income***

The Company's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2016, the Company's revenue mainly consisted of interest income from loan receivables amounting to Baht 4,019 million (representing 90 percent of total revenue). The interest income was derived from the provision of loans to a large number of customers, most of whom are retail customers, to which different methods of interest income recognition and various terms and conditions were applied, depending on the type of loan. In addition, revenue recognition relies primarily on data processing by information systems. Therefore, I focused on the audit of the amount and timing of interest income recognition.

I assessed and tested the Company's information technology system controls and the internal controls related to the processes of loan origination, loan collection and calculation for interest income recognition by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls that respond to the amount and timing of the revenue recognition in the Company's financial statements. Moreover, I applied a sampling method to select loan agreements to assess whether the recording of loans and the interest revenue recognition were consistent with the conditions of the relevant agreements, and in compliance with the Company's policy. In addition, I performed analytical procedures on the interest revenue figures recognised throughout the period and, on a sampling basis, tested the cessation of recognition of interest revenue and examined the accounting entries for interest income recorded through journal vouchers.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.





## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Somjai Khunapasut.

Somjai Khunapasut  
Certified Public Accountant (Thailand) No. 4499

EY Office Limited  
Bangkok: 20 February 2017

## Statements of financial position

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	539,291,642	152,573,679	527,625,730	144,596,397
Short-term investments		-	1,000,000	-	-
Current portion of loan receivables	7	15,363,880,226	9,010,413,389	15,363,880,226	9,010,413,389
Other receivables - subsidiary		-	-	3,195,658	1,267,449
Short-term loans		27,466,257	15,279,430	27,466,257	15,279,430
Other current assets	9	64,944,093	38,392,574	63,557,176	38,151,998
<b>Total current assets</b>		<b>15,995,582,218</b>	<b>9,217,659,072</b>	<b>15,985,725,047</b>	<b>9,209,708,663</b>
<b>Non-current assets</b>					
Restricted bank deposits	10	5,000,000	3,000,000	-	-
Long-term investment - bank deposit	11	1,000,000	-	-	-
Loan receivables - net of current portion	7	7,531,722,877	3,284,215,973	7,531,722,877	3,284,215,973
Investments in subsidiary	12	-	-	2,000,000	2,000,000
Land, buildings and equipment	13	772,461,018	519,709,404	772,426,830	519,659,683
Intangible assets	14	21,592,637	3,722,181	21,592,637	3,722,181
Deferred tax assets	15	19,478	15,118	-	-
Other non-current assets		98,197,631	54,480,341	98,197,631	54,480,341
<b>Total non-current assets</b>		<b>8,429,993,641</b>	<b>3,865,143,017</b>	<b>8,425,939,975</b>	<b>3,864,078,178</b>
<b>Total assets</b>		<b>24,425,575,859</b>	<b>13,082,802,089</b>	<b>24,411,665,022</b>	<b>13,073,786,841</b>

The accompanying notes are an integral part of the financial statements.



## Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from					
financial institutions	16	9,725,771,966	2,885,020,679	9,725,771,966	2,885,020,679
Short-term loans	17	562,185,230	332,752,708	562,185,230	332,752,708
Other payables	18	228,531,690	128,723,458	224,372,124	124,285,604
Current portion of long-term loans	19	2,097,825,639	557,972,972	2,097,825,639	557,972,972
Current portion of long-term debentures	20	250,000,000	-	250,000,000	-
Current portion of liabilities under hire					
purchase and financial lease payable	21	13,934,109	11,133,554	13,934,109	11,133,554
Income tax payable		203,458,150	105,019,794	203,458,150	104,765,414
Other current liabilities		18,023,639	14,086,099	26,581,116	20,698,000
Total current liabilities		13,099,730,423	4,034,709,264	13,104,128,334	4,036,628,931
Non-current liabilities					
Long-term loans - net of current portion	19	2,498,883,602	3,099,262,626	2,498,883,602	3,099,262,626
Long-term debentures - net of current portion	20	2,076,313,995	250,000,000	2,076,313,995	250,000,000
Liabilities under hire purchase and financial					
lease payable - net of current portion	21	23,428,340	18,534,394	23,428,340	18,534,394
Deferred tax liabilities	15	7,890,158	5,152,418	7,890,158	5,152,418
Provision for long-term employee benefits	22	27,048,274	22,999,860	26,950,882	22,924,270
Total non-current liabilities		4,633,564,369	3,395,949,298	4,633,466,977	3,395,873,708
Total liabilities		17,733,294,792	7,430,658,562	17,737,595,311	7,432,502,639

The accompanying notes are an integral part of the financial statements.

## Statements of financial position (continued)

Muangthai Leasing Public Company Limited and its subsidiary

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid up					
2,120,000,000 ordinary shares					
of Baht 1 each		2,120,000,000	2,120,000,000	2,120,000,000	2,120,000,000
Share premium		2,379,843,362	2,379,843,362	2,379,843,362	2,379,843,362
Retained earnings					
Appropriated - statutory reserve	23	184,400,000	109,400,000	184,400,000	109,400,000
Unappropriated		2,008,037,705	1,042,900,165	1,989,826,349	1,032,040,840
<b>Total shareholders' equity</b>		<b>6,692,281,067</b>	<b>5,652,143,527</b>	<b>6,674,069,711</b>	<b>5,641,284,202</b>
<b>Total liabilities and shareholders' equity</b>		<b>24,425,575,859</b>	<b>13,082,802,089</b>	<b>24,411,665,022</b>	<b>13,073,786,841</b>

The accompanying notes are an integral part of the financial statements.



## Statements of comprehensive income

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
<b>Profit or loss:</b>					
<b>Revenues</b>					
Interest and fee income from loans receivables		4,019,339,489	2,225,093,667	4,019,339,489	2,225,093,667
Fee and service income		436,072,766	317,292,135	409,009,574	295,897,823
Other income		16,587,024	16,555,693	35,357,330	30,783,945
<b>Total revenues</b>		<b>4,471,999,279</b>	<b>2,558,941,495</b>	<b>4,463,706,393</b>	<b>2,551,775,435</b>
<b>Expenses</b>					
Selling and administrative expenses		1,984,590,013	1,268,595,093	1,983,644,797	1,267,610,877
Loss on disposals of assets foreclosed		15,252,751	6,274,070	15,252,751	6,274,070
Bad debts and doubtful accounts	8	331,727,562	24,732,598	331,727,562	24,732,598
<b>Total expenses</b>		<b>2,331,570,326</b>	<b>1,299,601,761</b>	<b>2,330,625,110</b>	<b>1,298,617,545</b>
<b>Profit before finance cost and</b>					
<b>income tax expenses</b>		2,140,428,953	1,259,339,734	2,133,081,283	1,253,157,890
Finance cost		(328,030,326)	(227,579,933)	(328,030,326)	(227,575,870)
<b>Profit before income tax expenses</b>		<b>1,812,398,627</b>	<b>1,031,759,801</b>	<b>1,805,050,957</b>	<b>1,025,582,020</b>
Income tax expenses	15	(348,261,087)	(206,758,104)	(348,265,448)	(205,717,548)
<b>Profit for the year</b>		<b>1,464,137,540</b>	<b>825,001,697</b>	<b>1,456,785,509</b>	<b>819,864,472</b>
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods					
Actuarial loss on defined benefit plan		-	(4,142,173)	-	(4,142,173)
Income tax relating to defined benefit plan		-	828,435	-	828,435
<b>Total other comprehensive income (loss)</b>		<b>-</b>	<b>(3,313,738)</b>	<b>-</b>	<b>(3,313,738)</b>
<b>Total comprehensive income for the year</b>		<b>1,464,137,540</b>	<b>821,687,959</b>	<b>1,456,785,509</b>	<b>816,550,734</b>
<b>Earning per share</b>					
Basic earning per share	27	0.69	0.39	0.69	0.39

The accompanying notes are an integral part of the financial statements.

## Statements of changes in shareholders' equity

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 1 January 2015</b>	2,120,000,000	2,379,843,362	68,400,000	537,812,206	5,106,055,568
Profit for the year	-	-	-	825,001,697	825,001,697
Other comprehensive income for the year (loss)	-	-	-	(3,313,738)	(3,313,738)
Total comprehensive income for the year	-	-	-	821,687,959	821,687,959
Appropriated to statutory reserve (Note 23)	-	-	41,000,000	(41,000,000)	-
Dividend paid (Note 24)	-	-	-	(275,600,000)	(275,600,000)
<b>Balance as at 31 December 2015</b>	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>109,400,000</u>	<u>1,042,900,165</u>	<u>5,652,143,527</u>
<b>Balance as at 1 January 2016</b>	2,120,000,000	2,379,843,362	109,400,000	1,042,900,165	5,652,143,527
Profit for the year	-	-	-	1,464,137,540	1,464,137,540
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,464,137,540	1,464,137,540
Appropriated to statutory reserve (Note 23)	-	-	75,000,000	(75,000,000)	-
Dividend paid (Note 24)	-	-	-	(424,000,000)	(424,000,000)
<b>Balance as at 31 December 2016</b>	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>184,400,000</u>	<u>2,008,037,705</u>	<u>6,692,281,067</u>

The accompanying notes are an integral part of the financial statements.





## Statements of changes in shareholders' equity (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 1 January 2015</b>	2,120,000,000	2,379,843,362	68,400,000	532,090,106	5,100,333,468
Profit for the year	-	-	-	819,864,472	819,864,472
Other comprehensive income for the year (loss)	-	-	-	(3,313,738)	(3,313,738)
Total comprehensive income for the year	-	-	-	816,550,734	816,550,734
Appropriated to statutory reserve (Note 23)	-	-	41,000,000	(41,000,000)	-
Dividend paid (Note 24)	-	-	-	(275,600,000)	(275,600,000)
<b>Balance as at 31 December 2015</b>	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>109,400,000</u>	<u>1,032,040,840</u>	<u>5,641,284,202</u>
<b>Balance as at 1 January 2016</b>	2,120,000,000	2,379,843,362	109,400,000	1,032,040,840	5,641,284,202
Profit for the year	-	-	-	1,456,785,509	1,456,785,509
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	1,456,785,509	1,456,785,509
Appropriated to statutory reserve (Note 23)	-	-	75,000,000	(75,000,000)	-
Dividend paid (Note 24)	-	-	-	(424,000,000)	(424,000,000)
<b>Balance as at 31 December 2016</b>	<u>2,120,000,000</u>	<u>2,379,843,362</u>	<u>184,400,000</u>	<u>1,989,826,349</u>	<u>6,674,069,711</u>

The accompanying notes are an integral part of the financial statements.

## Statements of cash flow

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before income tax	1,812,398,627	1,031,759,801	1,805,050,957	1,025,582,020
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	90,824,242	48,307,277	90,808,709	48,290,384
Bad debts and doubtful accounts	331,727,562	24,732,598	331,727,562	24,732,598
Impairment loss on assets foreclosed (reversal)	2,500,000	(200,000)	2,500,000	(200,000)
Loss (gain) on disposals of equipment	1,386,005	(218,270)	1,386,005	(218,270)
Provision for long-term employee benefits	4,048,414	2,478,409	4,026,612	2,458,899
Interest and fee income from loan receivables	(4,019,339,489)	(2,225,093,667)	(4,019,339,489)	(2,225,093,667)
Other interest income	(3,008,272)	(8,931,033)	(2,913,255)	(8,871,432)
Finance cost	328,030,326	227,579,933	328,030,326	227,575,870
Loss from operating activities before changes in operating assets and liabilities	(1,451,432,585)	(899,584,952)	(1,458,722,573)	(905,743,598)
Decrease (increase) in operating assets				
Short-term investments	-	500,000,000	-	500,000,000
Loan receivables	(10,724,732,117)	(5,102,295,441)	(10,724,732,117)	(5,102,295,441)
Other receivables - subsidiary	-	-	(1,928,209)	(234,436)
Short-term loans	(12,186,827)	400,057	(12,186,827)	400,057
Other current assets	(28,031,027)	(14,178,495)	(27,905,178)	(14,071,007)
Other non-current assets	(44,937,961)	(32,666,714)	(44,937,961)	(32,666,714)
Increase (decrease) in operating liabilities				
Other payables	81,258,943	19,529,934	81,991,960	17,983,287
Other current liabilities	3,937,540	4,920,634	5,883,116	4,410,885
Cash used in operating activities	(12,176,124,034)	(5,523,874,977)	(12,182,537,789)	(5,532,216,967)
Cash received from interest and fee from loan receivables	3,814,361,868	2,139,714,740	3,814,283,558	2,139,642,872
Cash paid for income tax	(247,638,407)	(134,989,577)	(246,834,972)	(133,987,954)
<b>Net cash flows used in operating activities</b>	<b>(8,609,400,573)</b>	<b>(3,519,149,814)</b>	<b>(8,615,089,203)</b>	<b>(3,526,562,049)</b>

The accompanying notes are an integral part of the financial statements.



## Statements of cash flow (continued)

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(2,000,000)	-	-	-
Cash paid for acquisitions of land, building and equipment	(348,664,751)	(203,227,318)	(348,664,751)	(203,227,318)
Proceeds from disposals of equipment	3,281,852	1,161,874	3,281,852	1,161,874
Cash paid for acquisitions of intangible assets	(17,870,456)	(199,384)	(17,870,456)	(199,384)
<b>Net cash flows used in investing activities</b>	<b>(365,253,355)</b>	<b>(202,264,828)</b>	<b>(363,253,355)</b>	<b>(202,264,828)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	6,742,408,883	2,351,617,945	6,742,408,883	2,351,617,945
Increase in short-term loans	222,971,651	332,752,708	222,971,651	332,752,708
Cash receipt from long-term loans	1,500,000,000	3,595,000,000	1,500,000,000	3,595,000,000
Repayment of long-term loans	(564,722,223)	(2,917,935,688)	(564,722,223)	(2,917,935,688)
Cash receipt from debenture issuance	2,073,627,990	250,000,000	2,073,627,990	250,000,000
Increase in liabilities under hire purchase and financial lease payable	7,694,500	11,549,730	7,694,500	11,549,730
Cash paid on interest	(196,608,910)	(179,274,724)	(196,608,910)	(179,270,662)
Cash paid for dividends	(424,000,000)	(275,600,000)	(424,000,000)	(275,600,000)
<b>Net cash flows from financing activities</b>	<b>9,361,371,891</b>	<b>3,168,109,971</b>	<b>9,361,371,891</b>	<b>3,168,114,033</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>386,717,963</b>	<b>(553,304,671)</b>	<b>383,029,333</b>	<b>(560,712,844)</b>
Cash and cash equivalents at beginning of year	152,573,679	705,878,350	144,596,397	705,309,241
<b>Cash and cash equivalents at end of year</b>	<b>539,291,642</b>	<b>152,573,679</b>	<b>527,625,730</b>	<b>144,596,397</b>
<b>Supplement cash flow information</b>				
Non-cash items				
Account payable on purchase of assets	4,887,036	6,528,744	4,887,036	6,528,744

The accompanying notes are an integral part of the financial statements.

## Notes to consolidated financial statements

Muangthai Leasing Public Company Limited and its subsidiary

For the year ended 31 December 2016

### 1. Corporate information

Muangthai Leasing Public Company Limited (“the Company”) was incorporated as a public company limited and domiciled in Thailand. The Company is principally engaged in providing loans secured against vehicle registrations, land title deeds, personal loans without collateral and Nano finance. Its registered address is 32/1 Chransanitwong Road, Bangor, Bangplad, Bangkok. As at 31 December 2016, the Company has totalled 1,664 branches and service centers.

### 2. Basis for the preparation of financial statements

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 2.2 Basis for the preparation of the consolidated financial statements

- a) The consolidated financial statements include the financial statements of Muangthai Leasing Public Company Limited and Muangthai Leasing Insurance Broker Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in insurance brokerage. The Company holds 100% of the subsidiary’s shares.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.



## **2.3 Separate financial statements**

The separate financial statements present investments in subsidiary under the cost method.

## **3. New financial reporting standards**

### **3.1 Financial reporting standards that became effective in the current year**

During the year 2016, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal year beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

### **3.2 Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal year beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiary believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles and relevant to the Company, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiary's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

a) Interest and fee income from loan receivables

The Company recognises interest and fee income from loan receivables on an accrual basis, based on the outstanding principal balance, using the effective interest rate method.

The Company ceases accruing interest and fee income from loan receivables which have defaulted on more than three installments from the due date. Interest and fee income is then recognised as income on a cash basis.

b) Insurance commission income

Insurance commission income is recognised when provision of services is complete.

c) Fee and service income

Fee and service income are recognised when services have been rendered, while fee income from late payment is recognised when received.

##### **4.2 Expense recognition - Interest expenses**

Interest expenses are charged to expenses on an accrual basis.

##### **4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

##### **4.4 Short-term investments**

Short-term investments consist of cash at banks and short-term investments with an original maturity of more than three months but not more than 1 year, which are not subject to withdrawal restrictions.

##### **4.5 Loan receivables**

Loan receivables are stated at the contract value net of unearned income.



#### 4.6 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for loan receivables based on the estimated losses that may be incurred in the collection of the debts, determined taking into account the current status of the receivables. Allowance for doubtful accounts is calculated on the basis of the outstanding receivable balance net of unearned income before deducting collateral value, except in the case of loan receivables that are secured against car registrations, agricultural vehicles and mortgaged land and are past due not more than 90 days, where it is calculated on the basis of the outstanding receivable balances net of unearned income and collateral value. The rates of allowance for doubtful accounts are as follows:

	<u>Provisioning rate</u>
Normal loans and not more than 30 days past due	1
31 - 90 days past due	2
More than 90 days past due	100
Litigation receivables	100

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recorded in profit or loss in the statements of comprehensive income. The Company has a policy to write-off receivables when the Company has made appropriate efforts at recovery for which there is clear evidence, and debts remain unsettled.

#### 4.7 Assets foreclosed

Assets foreclosed are stated at the lower of cost or net realisable value.

Gain (loss) on disposal of assets foreclosed are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in the statements of comprehensive income.

#### 4.8 Investments in a subsidiary

Investments in a subsidiary as stated in the separate financial statements is accounted for using the cost method, net of allowance for impairment (if any). Loss on impairment of investments is recorded as expenses in profit or loss in the statements of comprehensive income.

#### 4.9 Land, buildings and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Buildings	- 20 years
Building improvements	- 20 years
Furniture, fixtures, equipment and computers	- 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income. No depreciation is provided on land.

Items of land, buildings and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of an asset is recognised in profit or loss when the assets are derecognised.

#### 4.10 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible assets with finite lives are 5 years and 10 years.

#### 4.11 Impairment of assets

The Company and its subsidiary assess at each reporting date whether there are any indications that land, buildings and equipment may be impaired. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount. An assets recoverable amount is the higher of its fair value less costs to sell and its value in use.

Impairment loss (if any) is recognised in profit or loss.





#### 4.12 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiary. The fund's assets are held in a separate trust fund and the contributions of the Company are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

Obligations under the defined benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

#### 4.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.14 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

They also include companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiary that gives them significant influence over the Company and its subsidiary, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiary's operations.

#### **4.15 Long-term leases**

Leases which transfer substantially all the risks and rewards of ownership to the Company and its subsidiary are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period.

Leases which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.16 Provisions**

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.



#### **4.17 Fair value measurement**

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities, except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **5. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with Thai financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

#### **5.1 Allowance for doubtful accounts on loan receivables**

In determining allowance for doubtful accounts for loan receivables, the management needs to exercise judgment in order to estimate the probable loss on each receivable based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions.

## 5.2 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the Company's management exercises judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instrument. The change in assumption that related inputs might affect to the amount of fair value and disclosure of fair value hierarchy.

## 5.3 Land, buildings and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and salvage values of the buildings and equipment and to review estimate useful lives and salvage values when there are any changes.

## 5.4 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

## 5.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	28,106	11,715	28,099	11,708
Bank deposits	511,186	140,859	499,527	132,888
Cash and cash equivalents	539,292	152,574	527,626	144,596

As at 31 December 2016, bank deposits in savings accounts carried interest at rates between 0.125 and 1.25 percent per annum (2015: between 0.50 and 1.30 percent per annum).



## 7. Loan receivables

### 7.1 As at 31 December 2016 and 2015, loan receivables consist of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2016		
	Amounts due		
	within 1 year <sup>(1)</sup>	over 1 year	Total
Loan receivables	19,025,556	9,020,697	28,046,253
Less: Unearned finance income	(3,058,231)	(1,446,781)	(4,505,012)
	15,967,325	7,573,916	23,541,241
Less: Allowance for doubtful accounts <sup>(2)</sup>	(603,445)	(42,193)	(645,638)
Loan receivables, net	15,363,880	7,531,723	22,895,603

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days.

(2) The balance of allowance for doubtful accounts due within 1 year includes additional provision for uncollectible receivables.

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2015		
	Amounts due		
	within 1 year <sup>(1)</sup>	over 1 year	Total
Loan receivables	10,867,671	3,873,216	14,740,887
Less: Unearned finance income	(1,540,175)	(570,510)	(2,110,685)
	9,327,496	3,302,706	12,630,202
Less: Allowance for doubtful accounts <sup>(2)</sup>	(317,083)	(18,490)	(335,573)
Loan receivables, net	9,010,413	3,284,216	12,294,629

(1) The balance of loan receivables due within 1 year includes receivables past due more than 90 days.

(2) The balance of allowance for doubtful accounts due within 1 year includes additional provision for uncollectible receivables.

**7.2** As at 31 December 2016 and 2015, the balances of loan receivables classified by aging and allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

Aging	Consolidated and separate financial statements							
	Loan receivables - net		Loan receivables - net		Rate of allowance for		Allowance for doubtful	
	of unearned		of unearned financial		doubtful accounts		accounts	
	financial income		income and collateral value <sup>(1)</sup>					
	2016	2015	2016	2015	2016	2015	2016	2015
Not yet due	18,496,992	9,923,657	12,396,084	7,193,333	1	1	123,961	71,934
Past due not more than 30 days	3,042,127	1,682,533	2,071,218	1,298,584	1	1	20,712	12,986
Past due 31 - 90 days	1,751,238	907,334	1,186,064	718,760	2	2	23,721	14,375
Past due 91 - 180 days	99,323	28,658	99,323	28,658	100	100	99,323	28,658
Past due 181 - 365 days	74,803	25,410	74,803	25,410	100	100	74,803	25,410
Past due more than 365 days	7,390	14,636	7,390	14,636	100	100	7,390	14,636
Litigation receivables	69,368	47,974	69,368	47,974	100	100	69,368	47,974
Total	23,541,241	12,630,202	15,904,250	9,327,355			419,278	215,973
Allowance for doubtful accounts - additional provision for uncollectible receivables							226,360	119,600
Total							645,638	335,573

<sup>(1)</sup> Loan receivables secured against car registrations, agricultural vehicles and mortgaged lands that are past due not more than 90 days are presented net of collateral.

**7.3** As at 31 December 2016, the Company had loan receivables (net of deferred finance income) amounting to approximately Baht 291 million, for which revenue recognition has been ceased (2015: Baht 130 million).

**7.4** A notification of the Institute of Certified Accountants and Auditors of Thailand, in concurrent with the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and stop recognition of interest income in case that accounts receivables are overdue by more than three installments, and that general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or using an alternative method where a company believes that this would be more appropriate. The Company therefore estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, and historical loss experience, and believes that the rates currently used to set allowance for doubtful accounts are appropriate.



**7.5** As at 31 December 2015, the Company had transferred certain rights of claim under loan agreements in order to secure credit facilities granted by commercial banks, as discussed in Notes 19 to the financial statements.

## **8. Allowance for doubtful accounts**

Movements of allowance for doubtful accounts for loan receivables are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2016	2015
Balance at beginning of the year	335,573	324,989
Add: Increase in doubtful accounts during the year	331,727	24,733
Less: Bad debt written-off	(21,662)	(14,149)
Balance at end of the year	645,638	335,573

## **9. Other current assets**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Assets foreclosed	35,348	20,151	35,348	20,151
Prepaid expenses	17,267	10,567	17,267	10,567
Other current assets	18,439	11,284	17,052	11,043
Total	71,054	42,002	69,667	41,761
Less: Allowance for impairment/allowance for doubtful accounts	(6,110)	(3,609)	(6,110)	(3,609)
Other current assets - net	64,944	38,393	63,557	38,152

## **10. Restricted bank deposits**

This represents fixed deposits of the subsidiary pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the subsidiary.

## **11. Long-term investment - bank deposit**

As at 31 December 2016, long-term investment is 1-year fixed deposit that matures in September 2017, and carries interest at rates between 0.90 and 1.10 percent per annum.

## 12. Investments in a subsidiary

Investments in a subsidiary in the separate financial statements is an investment in Muangthai Leasing Insurance Broker Company Limited, which is principally engaged in insurance brokerage. The cost of the investment was Baht 2 million, which represented a 100 percent shareholding in the subsidiary.

## 13. Land, buildings and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	
<b>Cost</b>							
1 January 2015	250,258	3,494	11,382	137,450	57,575	-	460,159
Additions	6,232	1,400	28,449	141,863	27,085	650	205,679
Disposals/written off	-	-	-	(2,794)	(1,807)	-	(4,601)
31 December 2015	256,490	4,894	39,831	276,519	82,853	650	661,237
Additions	-	2,150	43,765	272,163	29,048	-	347,126
Transfer in (out)	-	650	-	-	-	(650)	-
Disposals/written off	-	-	-	(10,210)	(8,659)	-	(18,869)
31 December 2016	256,490	7,694	83,596	538,472	103,242	-	989,494
<b>Accumulated depreciation</b>							
1 January 2015	-	406	906	68,575	27,880	-	97,767
Depreciation for the year	-	203	1,194	34,104	11,896	-	47,397
Depreciation for disposals/written off	-	-	-	(1,944)	(1,692)	-	(3,636)
31 December 2015	-	609	2,100	100,735	38,084	-	141,528
Depreciation for the year	-	305	2,947	69,696	16,657	-	89,605
Depreciation for disposals/written off	-	-	-	(6,651)	(7,449)	-	(14,100)
31 December 2016	-	914	5,047	163,780	47,292	-	217,033
<b>Net book value</b>							
31 December 2015	256,490	4,285	37,731	175,784	44,769	650	519,709
31 December 2016	256,490	6,780	78,549	374,692	55,950	-	772,461
<b>Depreciation charge for the years</b>							
2015							47,397
2016							89,605





(Unit: Thousand Baht)

Separate financial statements						
	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress
						Total
<b>Cost</b>						
1 January 2015	250,258	3,494	11,382	137,365	57,575	-
Additions	6,232	1,400	28,449	141,863	27,085	650
Disposals/written off	-	-	-	(2,794)	(1,807)	-
31 December 2015	256,490	4,894	39,831	276,434	82,853	650
Additions	-	2,150	43,765	272,163	29,048	-
Transfer in (out)	-	650	-	-	-	(650)
Disposals/written off	-	-	-	(10,210)	(8,659)	-
31 December 2016	256,490	7,694	83,596	538,387	103,242	-
<b>Accumulated depreciation</b>						
1 January 2015	-	406	906	68,557	27,880	-
Depreciation for the year	-	203	1,194	34,087	11,896	-
Depreciation for disposals/written off	-	-	-	(1,944)	(1,692)	-
31 December 2015	-	609	2,100	100,700	38,084	-
Depreciation for the year	-	305	2,947	69,680	16,657	-
Depreciation for disposals/written off	-	-	-	(6,651)	(7,449)	-
31 December 2016	-	914	5,047	163,729	47,292	-
<b>Net book value</b>						
31 December 2015	256,490	4,285	37,731	175,734	44,769	650
31 December 2016	256,490	6,780	78,549	374,658	55,950	-
<b>Depreciation charge for the years</b>						
2015						47,380
2016						89,589

As at 31 December 2016, the Company had vehicles under hire purchase and finance lease agreements with net book value amounting to Baht 55 million. In addition, the Company had certain building improvements, computers, equipment and vehicles that have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation amounted to approximately Baht 63 million (2015: Baht 45 million and Baht 41 million, respectively).

## 14. Intangible assets

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	Software	Assets in progress	Total
<u>Cost</u>			
1 January 2015	3,941	-	3,941
Additions	1,109	-	1,109
31 December 2015	5,050	-	5,050
Additions	18,843	-	18,843
Transfer in (out)	-	248	248
31 December 2016	23,893	248	24,141
<u>Accumulated amortisation</u>			
1 January 2015	419	-	419
Amortisation for the year	909	-	909
31 December 2015	1,328	-	1,328
Amortisation for the year	1,220	-	1,220
31 December 2016	2,548	-	2,548
<u>Net book value</u>			
31 December 2015	3,722	-	3,722
31 December 2016	21,345	248	21,593
Remaining useful life (years)	0 - 10 years		
Amortisation charge for the year			
2015			909
2016			1,220

As at 31 December 2016, the Company had intangible assets that have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation amounted to approximately Baht 0.36 million (2015: None).



## 15. Deferred tax assets and income tax expenses

### 15.1 Deferred tax assets/ deferred tax liabilities

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	129,128	67,115	129,128	67,115
Allowance for impairment of assets foreclosed	1,100	600	1,100	600
Provision for long-term employee benefits	5,409	4,600	5,390	4,585
Others	433	358	433	358
<b>Deferred tax assets</b>	<b>136,070</b>	<b>72,673</b>	<b>136,051</b>	<b>72,658</b>
<b>Deferred tax liabilities</b>				
Differences in income recognition for				
accounting and tax purposes	142,746	75,864	142,746	75,864
Others	1,195	1,946	1,195	1,946
<b>Deferred tax liabilities</b>	<b>143,941</b>	<b>77,810</b>	<b>143,941</b>	<b>77,810</b>
<b>Deferred tax liabilities - net</b>	<b>(7,871)</b>	<b>(5,137)</b>	<b>(7,890)</b>	<b>(5,152)</b>
Presented in the statement of financial				
position as follows:				
Deferred tax assets	19	15	-	-
Deferred tax liabilities	(7,890)	(5,152)	(7,890)	(5,152)
	(7,871)	(5,137)	(7,890)	(5,152)

## 15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current income tax charge for the year	347,704	185,150	347,704	184,106
Adjustment in respect of income tax of previous year	(2,177)	-	(2,177)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	2,734	21,608	2,738	21,612
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>348,261</b>	<b>206,758</b>	<b>348,265</b>	<b>205,718</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial loss	-	829	-	829

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	1,812,399	1,031,760	1,805,051	1,025,582
Applicable tax rates	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	361,006	206,157	361,010	205,117
Adjustment in respect of income tax of previous year	(2,177)	-	(2,177)	-
Additional deductions allowed for expenses	(12,822)	-	(12,822)	-
Effects of non-deductible expenses and non-taxable income	2,254	601	2,254	601
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>348,261</b>	<b>206,758</b>	<b>348,265</b>	<b>205,718</b>



## 16. Short-term loans from financial institutions

As at 31 December 2016 and 2015, the following are short-term loan in the form of promissory notes and bill of exchanges from financial institutions:

		(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
	Loan facility/Repayment schedule	2016	2015
a)	Promissory notes under credit facilities amounting to Baht 2,000 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	1,415,000	640,000
b)	Promissory notes under credit facilities amounting to Baht 1,000 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	760,000	565,000
c)	Promissory notes under credit facilities amounting to Baht 1,300 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	675,000	-
d)	Promissory notes under credit facilities amounting to Baht 400 million, with principal repayable within the specific date of each promissory, and interest charged at a fixed rate, payable monthly	400,000	-
e)	Bill of exchange, with principal repayment at the date specified on each bill of exchange	6,475,772	1,682,265
Total		9,725,772	2,887,265
Less: Deferred issuing costs		-	(2,245)
Short-term loans from financial institutions		9,725,772	2,885,020

Under the agreements of loans a) to d) above, the loans are unsecured but the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity, interest coverage ratio, and also the portion of the Company's shares held by the major shareholders.

As at 31 December 2016, the Company has Baht 930 million for bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (2015: Baht 1,955 million).

## 17. Short-term loans

As at 31 December 2016, these short-term loans are in form of bill of exchange, with principal are payable as stipulated in each bill of exchange.

## 18. Other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Employee accrued expenses	152,075	91,497	152,071	91,494
Accrued special business tax expenses	27,539	15,616	27,539	15,616
Accrued expenses	7,833	4,034	7,653	3,854
Accrued interest expenses	23,814	4,078	23,814	4,078
Other account payables	17,271	13,498	13,295	9,244
<b>Total other payables</b>	<b>228,532</b>	<b>128,723</b>	<b>224,372</b>	<b>124,286</b>

## 19. Long-term loans

As at 31 December 2016 and 2015, the following are loans from local financial institutions in Thailand.

Facility no.	Loan facility /Repayment schedule	(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
		2016	2015
1	Syndicated credit facility amounting to Baht 1,410 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	83,333
2	Syndicated credit facility amounting to Baht 300 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	66,667
3	Syndicated credit facility amounting to Baht 995 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	303,611
4	Syndicated credit facility amounting to Baht 1,500 million, repayable principal in 18 monthly installments, with interest at the rate of MLR less a fixed percent per annum, payable monthly	-	111,111
5	Credit facility amounting to Baht 1,300 million, with principal repayable within October 2017 and December 2018, and interest charged at a fixed rate, payable monthly	470,000	350,000
6	Credit facility amounting to Baht 1,000 million, with principal repayable within November 2017 and November 2018, and interest charged at a fixed rate, payable monthly	1,000,000	1,000,000



		(Unit: Thousand Baht)	
		Consolidated and separate	
		financial statements	
Facility			
no.	Loan facility /Repayment schedule	2016	2015
7	Credit facility amounting to Baht 1,500 million, with principal repayable amounting to Baht 870 million within November 2017, Baht 250 million within February 2018 and Baht 130 million within March 2018, and interest charged at a fixed rate, payable monthly	1,250,000	870,000
8	Credit facility amounting to Baht 500 million, repayable principal within June 2018, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	500,000	500,000
9	Credit facility amounting to Baht 1,000 million, repayable principal within June 2019, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	1,000,000	-
10	Bill of exchange, repayable principal in March 2017 with interest charged at a fixed rate, payable every 3 months	180,000	180,000
11	Bill of exchange, repayable principal in November 2017 with interest charged at a fixed rate, payable every 3 months	200,000	200,000
Total		4,600,000	3,664,722
Less: Deferred issuing costs		(3,290)	(7,486)
Long-term loans		4,596,710	3,657,236
Less: Current portion due within 1 year		(2,097,826)	(557,973)
Long-term loans, net of current portion		2,498,884	3,099,263

For loan 5) to 9), the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity and interest coverage ratio, and the proportionate shareholdings of the major shareholders, depending on the conditions in each agreement. (2015: loans 1) to 8) were subject to the same terms and conditions as mentioned above. Additional conditions for loans 1) to 4), loans were secured by the transfer of rights and the assignment of collection rights over loans secured against motorcycle registrations and/or car registrations, and/or personal loans with specific conditions, and the transfer of rights in bank deposit accounts of the Company under specific conditions.)

As at 31 December 2016, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 405 million (2015: Baht 2,330 million).

As at 31 December 2016, the Company has commitments of Baht 500 million and Baht 1,000 million under interest rate swap agreements with the lending bank, whereby the floating interest rates were changed to fixed interest rates throughout the contract periods. The interest rate swap agreements gradually mature in June 2018 and June 2019, respectively, in accordance with term of payment of loans.

Movements in the long-term loans account during the year ended 31 December 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2016	3,664,722
Add: Drawdown during the year	1,500,000
Less: Repayment during the year	(564,722)
Balance as at 31 December 2016	4,600,000

## 20. Long - term debentures

As at 31 December 2016 and 2015, these debentures are registered, unsubordinated, unsecured debentures with no trustee. Details are as follow:

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
Debenture	Facility /Repayment schedule	2016	2015
1	Debenture amounting to Baht 250 million with tenor of 1 year 11 months 15 days, maturing in October 2017, bearing interest at a fixed rate, payable every 6 months	250,000	250,000
2	Debenture amounting to Baht 200 million with a tenor of 3 years 9 days, maturing in February 2019, bearing interest at interest at a fixed rate, payable every 6 months	200,000	-
3	Debenture amounting to Baht 200 million with a tenor of 3 years 3 days, maturing in April 2019, bearing interest at a fixed rate, payable every 6 months	200,000	-
4.	Debenture amounting to Baht 200 million with a tenor of 3 years 16 days, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	200,000	-
5.	Debenture amounting to Baht 200 million with a tenor of 3 years, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	200,000	-
6.	Debenture amounting to Baht 100 million with a tenor of 2 years 11 months 18 days, maturing in July 2019, bearing interest at a fixed rate, payable every 6 months	100,000	-





		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
Debenture	Facility /Repayment schedule	2016	2015
7.	Debenture amounting to Baht 200 million with a tenor of 3 years 11 days, maturing in August 2019, bearing interest at a fixed rate, payable every 6 months	200,000	-
8.	Debenture amounting to Baht 310 million with a tenor of 2 years 11 months 18 days, maturing in August 2019, bearing interest at a fixed rate, payable every 6 months	310,000	-
9.	Debenture amounting to Baht 200 million with a tenor of 3 years, maturing in September 2019, bearing interest at a fixed rate, payable every 6 months	200,000	-
10.	Debenture amounting to Baht 469 million with a tenor of 3 years, maturing in November 2019, bearing interest at a fixed rate, payable every 6 months	469,000	-
Total		2,329,000	250,000
Less: Deferred issuing costs		(2,686)	-
Long-term debentures		2,326,314	250,000
Less: Current portion due within 1 year		(250,000)	-
Long-term debentures, net of current portion		2,076,314	250,000

Debentures 2) to 10) have a condition to maintain a debt to equity ratio at end of each fiscal year.

## 21. Liabilities under hire purchase and finance lease payable

		(Unit: Thousand Baht)	
		Consolidated and separate financial statements	
		2016	2015
Liabilities under hire purchase and finance lease payable		39,535	31,547
Less: Deferred interest expenses		(2,173)	(1,879)
Total		37,362	29,668
Less: Portion due within one year		(13,934)	(11,134)
Liabilities under hire purchase and finance lease payable			
- net of current portion		23,428	18,534

The Company has entered into hire purchase and finance lease agreements with a commercial bank and leasing companies in order to lease motor vehicles for use in its operations, whereby it is committed to pay rental fees on a monthly basis. The terms of the agreements are generally 4 years. The Company's minimum lease payment commitments under the hire purchase and finance lease agreements are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2016		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	15,119	24,416	39,535
Less: Deferred interest expenses	(1,185)	(988)	(2,173)
Present value of minimum lease payments	13,934	23,428	37,362

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2015		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	12,125	19,422	31,547
Less: Deferred interest expenses	(991)	(888)	(1,879)
Present value of minimum lease payments	11,134	18,534	29,668

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is the compensation payable to employees upon retirement, can be summarised as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2016	2015	2016	2015
Provision for long-term employee benefits				
at beginning of year	23,000	16,379	22,924	16,323
Current service cost	3,338	1,889	3,319	1,871
Interest cost	710	590	708	588
Actuarial loss				
Arising from financial assumptions	-	2,008	-	2,008
Arising from plan experience	-	2,134	-	2,134
Provision for long-term employee benefits				
at end of year	27,048	23,000	26,951	22,924



Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current service cost	3,338	1,889	3,319	1,871
Interest cost	710	590	708	588
Total expenses recognised in profit or loss	4,048	2,479	4,027	2,459

As at 31 December 2016, weighted average duration for payment long-term employee benefits of the Company and its subsidiary is 19 years, and the Company and its subsidiary expected to pay long-term employee benefits within the next 1 year amounting to Baht 0.09 million (separate financial statements: 19 years and Baht 0.09 million, respectively)

The principal actuarial assumptions at the valuation date were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 December	31 December	31 December	31 December
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.10, 3.60	3.10, 3.60	3.10	3.10
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age of employee)	2.00 - 20.00	2.00 - 20.00	2.00 - 20.00	2.00 - 20.00

The effect of changes in the actuarial assumption to present value of defined benefit obligation as of 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)					
	Consolidated financial statements					
	2016					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(2.35)	2.64	2.71	(2.43)	(2.13)	2.45

(Unit: Million Baht)

Consolidated financial statements						
2015						
Discount rate		Salary incremental rate		Turnover rate		
Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%	
Increase (decrease) in provisions for long-term employee benefits						
(2.01)	2.26	2.21	(1.99)	(1.64)	1.87	

(Unit: Million Baht)

Separate financial statements						
2016						
Discount rate		Salary incremental rate		Turnover rate		
Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%	
Increase (decrease) in provisions for long-term employee benefits						
(2.34)	2.64	2.71	(2.43)	(2.12)	2.45	

(Unit: Million Baht)

Separate financial statements						
2015						
Discount rate		Salary incremental rate		Turnover rate		
Increased by 0.5%	Decreased by 0.5%	Increased by 0.5%	Decreased by 0.5%	Increased by 10%	Decreased by 10%	
Increase (decrease) in provisions for long-term employee benefits						
(2.00)	2.26	2.20	(1.98)	(1.64)	1.86	

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.



## 24. Dividend

On 21 April 2015, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.13 per share from the 2014 operating results to the holders of the Company's 2,120 million shares, or total of Baht 275.60 million.

On 22 April 2016, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.20 per share from the 2015 operating results to the holders of the Company's 2,120 million shares, or a total of Baht 424 million.

## 25. Capital Management

The primary objective of the Company and its subsidiary's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern.

As at 31 December 2016, the Company's and its subsidiary debt to equity ratio is 2.65:1 (2015: 1.32:1).

## 26. Expenses by nature

For the years ended 31 December 2016 and 2015, significant expenses by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Salary, wages and other employee benefits	1,097,007	710,157	1,096,670	709,821
Rental expenses	250,249	164,458	250,249	164,458
Special business tax	135,236	78,420	135,236	78,420
Travelling expenses	66,082	49,059	66,079	49,054
Depreciation	90,818	48,301	90,809	48,290
Utilities expenses	42,664	27,816	42,664	27,816
Telecommunication expenses	28,188	17,627	28,188	17,627
Loss on disposals of assets foreclosed	15,253	6,274	15,253	6,274
Bad debts and doubtful accounts	331,728	24,733	331,728	24,733

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 - 5 percent of basic salary, depending on year of service. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 9.27 million (2015: Baht 7.18 million) were recognised as expense.

## 29. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segments and assess their performance. The Chief Executive Officer has been identified as the chief operating decision maker

The Company's principal operations involve a single operating segment in lending business, and its subsidiary is principally engaged in insurance brokerage. Their operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements.

Financial information of the Company and its subsidiary presented by segment for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2016			
	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	4,019,339	-	-	4,019,339
Fee and service income	409,010	27,063	-	436,073
Other income	35,357	604	(19,374)	16,587
Total income	4,463,706	27,667	(19,374)	4,471,999
Selling and administrative expenses	1,983,645	20,319	(19,374)	1,984,590
Loss from disposals assets foreclosed	15,253	-	-	15,253
Bad debts and doubtful accounts	331,727	-	-	331,727
Profit by segment	2,133,081	7,348	-	2,140,429
Less: Finance cost	(328,030)	-	-	(328,030)
Profit before income tax	1,805,051	7,348	-	1,812,399
Less: Income tax expenses	(348,265)	4	-	(348,261)
Profit for the year	1,456,786	7,352	-	1,464,138



(Unit: Thousand Baht)

For the year ended 31 December 2015

	Lending business	Insurance broker	Eliminations	Consolidated
Interest and fee income from loan receivables	2,225,094	-	-	2,225,094
Fee and service income	295,898	21,394	-	317,292
Other income	30,784	60	(14,288)	16,556
Total income	2,551,776	21,454	(14,288)	2,558,942
Selling and administrative expenses	1,267,611	15,272	(14,288)	1,268,595
Loss from disposals assets foreclosed	6,274	-	-	6,274
Bad debts and doubtful accounts	24,733	-	-	24,733
Profit by segment	1,253,158	6,182	-	1,259,340
Less: Finance cost	(227,576)	(4)	-	(227,580)
Profit before income tax	1,025,582	6,178	-	1,031,760
Less: Income tax expenses	(205,717)	(1,041)	-	(206,758)
Profit for the year	819,865	5,137	-	825,002

(Unit: Thousand Baht)

As at 31 December 2016

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents and short-term investments	527,626	11,666	-	539,292
Loan receivables	22,895,603	-	-	22,895,603
Short-term loans	27,466	-	-	27,466
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	772,427	34	-	772,461
Other assets	186,543	16,013	(11,802)	190,754
Total assets	24,411,665	27,713	(13,802)	24,425,576

(Unit: Thousand Baht)

As at 31 December 2015

	Lending business	Insurance broker	Eliminations	Consolidated
Cash and cash equivalents and short-term investments	144,596	8,978	-	153,574
Loan receivables	12,294,629	-	-	12,294,629
Short-term loans	15,280	-	-	15,280
Investments in subsidiary	2,000	-	(2,000)	-
Land, building and equipment	519,659	50	-	519,709
Other assets	97,623	9,905	(7,918)	99,610
Total assets	13,073,787	18,933	(9,918)	13,082,802

## Major customers

For the years 2016 and 2015, the Company has no major customers with revenues equal to 10 percent or more of their revenues.

## Geographic information

The Company and its subsidiary are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

## 30. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

Name of related parties		Relationship with the Company			
Muangthai Leasing Insurance Broker Company Limited		Subsidiary company			
(Unit: Thousand Baht)					
	Consolidated		Separate		
	financial statements		financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	(For the year 2016)
<b><u>For the years ended 31 December</u></b>					
<b><u>Transactions with a subsidiary company</u></b>					
Fee income on support service	-	-	17,451	13,902	As stipulated in agreements
Rental income	-	-	425	386	As stipulated in agreements
<b><u>Transactions with related parties</u></b>					
Interest income - loan to management	13	15	13	15	At the rate of 8.0 percent per annum
Rental expense - directors	6,628	6,590	6,628	6,590	As stipulated in agreements
Purchase assets - directors	-	2,000	-	2,000	Based on sale agreements
Commission expense - shareholder	1,212	933	1,212	933	Same rate that the Company paid to other agents





As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Subsidiary</u></b>				
Other receivables	-	-	3,196	1,267
Other current liabilities	-	-	8,607	6,650
<b><u>Related person</u></b>				
Short-term loans - management	113	178	113	178
Other current liabilities - shareholder	110	85	110	85

#### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiary had the following employee benefit expenses payable to their directors and management.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	31,630	27,870	31,486	27,726
Post-employment benefits	798	674	783	661
Total	32,428	28,544	32,269	28,387

### 31. Operating lease commitments

The Company has entered into several lease agreements in respect of office building space. The terms of the agreements are generally between 3 and 5 years. As at 31 December 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
Payable:	Related	Other parties	Total
Within 1 year	6,740	254,307	261,047
1 to 5 years	263	220,858	221,121

## **32. Financial instruments**

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, short-term/ long-term investments, loan receivables, loans, restricted bank deposits, borrowings, debentures and liabilities under hire purchase and finance lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

### **32.1 Credit risk**

The Company is exposed to credit risk primarily with respect to loan receivables, consist of loans secured against vehicle registrations and land title deeds and personal loans without collateral and Nano finance. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial loss. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loan and receivables less allowance for doubtful debts as stated in the statements of financial position.

### **32.2 Market risk**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial positions of the Company and its subsidiary. As the Company and its subsidiary have no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

#### **Interest rate risk**

Significant financial assets and liabilities as at 31 December 2016 and 2015, classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.



(Unit: Million Baht)

	Consolidated financial statements					
	2016					
	Fixed interest rate					
	Repricing or maturity date					
Transactions	Within 1 year	Over 1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	466	73	539	0.125 - 1.25
Loan receivables <sup>(1)</sup>	8,782	14,508	-	251	23,541	19.62 - 29.50
Short-term loans	27	-	-	-	27	8.00
Restricted bank deposits	5	-	-	-	5	0.90 - 1.10
Long-term investment - bank deposit	1	-	-	-	1	0.90 - 1.10
<b>Financial liabilities</b>						
Short-term loans from financial institutions	9,726	-	-	-	9,726	1.85 - 2.15
Short-term loans	562	-	-	-	562	1.85 - 1.89
Long-term loans	2,099	1,000	1,498	-	4,597	3.10 - 3.91
Long-term debentures	250	2,076	-	-	2,326	3.10 - 3.78
Liabilities under hire purchase and financial lease payables	1	36	-	-	37	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

Consolidated financial statements						
2015						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	129	24	153	0.50 - 1.30
Short-term investments	1	-	-	-	1	1.10 - 1.30
Loan receivables <sup>(1)</sup>	5,582	6,931	-	117	12,630	19.62 - 29.50
Short-term loans	15	-	-	-	15	8.00
Restricted bank deposits	3	-	-	-	3	1.00 - 1.30
<b>Financial liabilities</b>						
Short-term loans from financial institutions	2,885	-	-	-	2,885	2.30 - 3.15
Short-term loans	333	-	-	-	333	2.70 - 2.92
Long-term loans	-	2,599	1,058	-	3,657	3.50 - 6.25
Long-term debentures	-	250	-	-	250	3.78
Liabilities under hire purchase and financial lease payables	1	29	-	-	30	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

	Separate financial statements					
	2016					
	Fixed interest rate					
	Repricing or maturity date					
Transactions	Within 1 year	Over 1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	455	73	528	0.125 - 1.25
Loan receivables <sup>(1)</sup>	8,782	14,508	-	251	23,541	19.62 - 29.50
Short-term loans	27	-	-	-	27	8.00
Investments in subsidiary	-	-	-	2	2	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	9,726	-	-	-	9,726	1.85 - 2.15
Short-term loans	562	-	-	-	562	1.85 - 1.89
Long-term loans	2,099	1,000	1,498	-	4,597	3.10 - 3.91
Long-term debentures	250	2,076	-	-	2,326	3.10 - 3.78
Liabilities under hire purchase and financial lease payables	1	36	-	-	37	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.

(Unit: Million Baht)

	Separate financial statements					
	2015					
	Fixed interest rate					
	Repricing or maturity date					
Transactions	Within 1 year	Over 1-5 years	Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
<b>Financial assets</b>						
Cash and cash equivalents	-	-	121	24	145	0.50 - 1.30
Loan receivables <sup>(1)</sup>	5,582	6,931	-	117	12,630	19.62 - 29.50
Short-term loans	15	-	-	-	15	8.00
Investments in subsidiary	-	-	-	2	2	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	2,885	-	-	-	2,885	2.30 - 3.15
Short-term loans	333	-	-	-	333	2.70 - 2.92
Long-term loans	-	2,599	1,058	-	3,657	3.50 - 6.25
Long-term debentures	-	250	-	-	250	3.78
Liabilities under hire purchase and financial lease payables	1	29	-	-	30	2.67 - 7.45

(1) The outstanding balances of non-interest bearing loan receivables are receivables past due more than 90 days for which revenue recognition has ceased.



As discussed in Note 19 to the financial statements, as at 31 December 2016, the Company has an outstanding interest rate swap agreements with the lending bank for loans of Baht 500 million and Baht 1,000 million under which the floating interest rates were changed to fixed interest rates throughout the contract periods in order to mitigate the interest rate risk on its financial liabilities. The agreements gradually mature in June 2018 and June 2019, respectively, in accordance with term of payment of loans.

In addition, the Company entered into interest rate swap agreements with a bank for a notional amount of Baht 1,000 million under the floating rate payee and fixed rate payer. The agreement mature in December 2019.

### 32.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the statements of financial position date, the periods to maturity of financial instruments held as at 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2016				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	539	-	-	-	539
Loan receivables <sup>(1)</sup>	-	15,716	7,574	251	23,541
Short-term loans	-	27	-	-	27
Restricted bank deposits	-	5	-	-	5
Long-term investment - bank deposit	-	1	-	-	1
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	9,726	-	-	9,726
Short-term loans	-	562	-	-	562
Long-term loans	-	2,098	2,499	-	4,597
Long-term debentures	-	250	2,076	-	2,326
Liabilities under hire purchase and financial lease payables	-	14	23	-	37

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.

(Unit: Million Baht)

Consolidated financial statements					
2015					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	153	-	-	-	153
Short-term investments	-	1	-	-	1
Loan receivables <sup>(1)</sup>	-	9,210	3,303	117	12,630
Short-term loans	-	15	-	-	15
Restricted bank deposits	-	3	-	-	3
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	2,885	-	-	2,885
Short-term loans	-	333	-	-	333
Long-term loans	-	558	3,099	-	3,657
Long-term debentures	-	-	250	-	250
Liabilities under hire purchase and financial lease payables	-	11	19	-	30

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days

(Unit: Million Baht)

Separate financial statements					
2016					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	528	-	-	-	528
Loan receivables <sup>(1)</sup>	-	15,716	7,574	251	23,541
Short-term loans	-	27	-	-	27
Investments in subsidiary	-	-	-	2	2
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	9,726	-	-	9,726
Short-term loans	-	562	-	-	562
Long-term loans	-	2,098	2,499	-	4,597
Long-term debentures	-	250	2,076	-	2,326
Liabilities under hire purchase and financial lease payables	-	14	23	-	37

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.



(Unit: Million Baht)

Separate financial statements					
2015					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	145	-	-	-	145
Loan receivables <sup>(1)</sup>	-	9,210	3,303	117	12,630
Short-term loans	-	15	-	-	15
Investments in subsidiary	-	-	-	2	2
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	2,885	-	-	2,885
Short-term loans	-	333	-	-	333
Long-term loans	-	558	3,099	-	3,657
Long-term debentures	-	-	250	-	250
Liabilities under hire purchase and financial lease payables	-	11	19	-	30

(1) The outstanding balances of loan receivables which have no specific maturity dates are receivables past due more than 90 days.

## 32.4 Fair value

As at 31 December 2016, the Company and its subsidiary had no assets and liabilities that were measured at fair value. However, there had financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements					
2016					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<b><u>Financial assets disclosed at fair value</u></b>					
Cash and cash equivalents	539	539	539	-	-
Loan receivables	22,896	22,968	-	-	22,968
Short-term loans	27	27	-	27	-
Restricted bank deposits	5	5	5	-	-
Long-term investment - bank deposit	1	1	-	-	1
<b><u>Financial liabilities disclosed at fair value</u></b>					
Short-term loans from financial institutions	9,726	9,726	-	9,726	-
Short-term loans	562	562	-	562	-
Long-term loans	4,597	4,485	-	4,485	-
Long-term debentures	2,326	2,159	-	2,159	-
Liabilities under hire purchase and financial lease payables	37	37	-	37	-
Loss on interest rate swap contracts	-	14	-	14	-

(Unit: Million Baht)

Consolidated financial statements					
2015					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets disclosed at fair value</u></b>					
Cash and cash equivalents	153	153	153	-	-
Short-term investments	1	1	-	-	1
Loan receivables	12,295	12,302	-	-	12,302
Short-term loans	15	15	-	15	-
Restricted bank deposits	3	3	3	-	-
<b><u>Financial liabilities disclosed at fair value</u></b>					
Short-term loans from financial institutions	2,885	2,885	-	2,885	-
Short-term loans	333	333	-	333	-
Long-term loans	3,657	3,461	-	3,461	-
Long-term debentures	250	235	-	235	-
Liabilities under hire purchase and financial lease payables	30	30	-	30	-
Loss on interest rate swap contracts	-	4	-	4	-

(Unit: Million Baht)

Separate financial statements					
2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets disclosed at fair value</u></b>					
Cash and cash equivalents	528	528	528	-	-
Loan receivables	22,896	22,968	-	-	22,968
Short-term loans	27	27	-	27	-
Investments in subsidiary	2	2	-	-	2
<b><u>Financial liabilities disclosed at fair value</u></b>					
Short-term loans from financial institutions	9,726	9,726	-	9,726	-
Short-term loans	562	562	-	562	-
Long-term loans	4,597	4,485	-	4,485	-
Long-term debentures	2,326	2,159	-	2,159	-
Liabilities under hire purchase and financial lease payables	37	37	-	37	-
Loss on interest rate swap contracts	-	14	-	14	-





(Unit: Million Baht)

Separate financial statements					
2015					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets disclosed at fair value</u></b>					
Cash and cash equivalents	145	145	145	-	-
Loan receivables	12,295	12,302	-	-	12,302
Short-term loans	15	15	-	15	-
Investments in subsidiary	2	2	-	-	2
<b><u>Financial liabilities disclosed at fair value</u></b>					
Short-term loans from financial institutions	2,885	2,885	-	2,885	-
Short-term loans	333	333	-	333	-
Long-term loans	3,657	3,461	-	3,461	-
Long-term debentures	250	235	-	235	-
Liabilities under hire purchase and financial lease payables	30	30	-	30	-
Loss on interest rate swap contracts	-	4	-	4	-

Fair value hierarchy for assets and liabilities as at 31 December 2016 and 2015 is stipulated in notes 4.17 to the financial statements.

As at 31 December 2016 and 2015, the Company and its subsidiary have estimated the fair value of financial instruments as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, restricted bank deposit and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- For loan receivables, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- For long-term loans carrying interest at floating rate with interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debentures, long-term loans, liabilities under hire purchase and financial lease payables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- The fair value of derivatives has been determined using a discounted future cash flow model, applying current market yield rates.

### **33. Event after the reporting period**

On 20 February 2017, a meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders for approval a cash dividend payment of Baht 0.10 per share to the shareholders from the net profit for the year 2016, or a total of Baht 212 million, and for approval a budget for debenture issuance.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2017.



บริษัท เมืองไทย ลีสซิ่ง จำกัด (มหาชน)  
MUANGTHAI LEASING PUBLIC COMPANY LIMITED

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