



MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED

ANNUAL REPORT 2019

NUMBER 1

LEADER IN THAILAND'S
MICROFINANCE



Intimate services like
closed family members



OUTSTANDING CEO AWARDS



OUTSTANDING COMPANY
PERFORMANCE AWARDS



THAILAND SUSTAINABILITY
INVESTMENT (TSI)



BOARD OF THE YEAR AWARDS



**Intimate Services
Like Closed Family Members**

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Honors and Credit Ratings in 2019

Muangthai Capital is not only successful in business but also commits to be a **“Responsible Microfinance”** provider for better economy, society and environment in Thailand adhering to the principles of good corporate governance. In the year 2019, we are honored with the most prestigious award confirming our success and acceptance greatly driving our Board of Director, Executives as well as personnel at all levels to continue working towards the goal of sustainable development.

Honor for Sustainability Development and Good Corporate Governance

CG **“Excellence”** by IOD Thailand

The Company has received the assessment of the Corporate Governance of Listed Companies in the Stock Exchange of Thailand for the year 2019 as **“Excellence”** (5 stars) for the second consecutive time by Thai Institute of Director (IOD).

Board of The Year 2018 – Bronze

The Company received the prestigious **“the Board of the Year 2018 Award”** from the Thai Institute of Director (IOD), which is the only award in the capital market given to the board of Thai listed companies who perform the operation in accordance with the principles of good governance and are able to perform duties as a leader with efficiency by promoting transparency and fairness for all stakeholders. The contest is organized by the Thai Institute of Director in association with 6 leading private sector organizations.

Private Sector Collective Action Coalition Against Corruption (CAC)

The company is certified to be an official member of Private Sector Collective Action Coalition Against Corruption (CAC)

Credit Ratings

Credit Rating Agencies	2019	2018
Tris Ratings		
Unsubordinated and unsecured debt securities with representatives of debenture holders	BBB+	BBB
Unsubordinated and unsecured debt securities without representatives of debenture holders	BBB+	BBB
Outlook	Stable	Stable
ESG MSCI Index		
ESG Rating	A	N/A

Vision



Mission

✔ There are developments in accessing financial resources and helping to reduce the economic disparity of Thai people. The Company will expand the service channel to cover all regions in Thailand. It operates in the form of major branches, sub-branches and service centers. By then there will be 600 branches.

✔ There is a development of asset quality control processes (NPL) through teamwork of personnel, internal control systems, performance indicators and remuneration.

✔ The microfinance loan products are developed to meet the needs of customers. At the same time, it must be sustainable loan products with transparent and fair interest rates. It must not be more than the ability to pay customers' debt which causes long-term bad debt.

✔ The digital transformation process is initiated to increase business efficiency and respond to customer behavioral requirements, environment of technological infrastructure, and environment of changing digital law.

The 5 Values

Morality, Exertion, Perspective, Harmony, and Discipline



Message from the Chairman of Board of Directors

Muangthai Capital Public Company Limited has been listed in the Stock Exchange of Thailand for more than 5 years. The company's performance has been relentlessly growth and inconceivable. In the year, 2019, the net profit is THB 4,237 million, increases by THB 524 million from 2018, or 14.11% growth.

This year, 2019, the Company continues to focus on the coverage expansion in order to provide the Microfinancial services in all areas. In addition to the commitment to conducting business professionally, the Board of Directors also targets on business operations to achieve sustainable growth with the good corporate governance principles, moralities, ethics, transparencies and responsible to social and environment. With the belief that the good corporate governance will be a value-added and help building a confidence to shareholders, investors and all stakeholders in long run. With the company's commitment in performing the business operation under the corporate governance in recent years, the Company won a major award which is the pride of the Company and all employees. Moreover, the Company has joined the Thai Private Sector Collective Action Coalition Against Corruption (Collective Action Coalition) and assigned a working team to assess the corruption related risks, as well as to revise the Anti-corruption policy, code of conducts and other related significant policies to apply to all employees at all levels, which is part of the business practices that are in line with the principles of good corporate governance. The code of conduct has been provided to executives and employees to adhere as a guideline. Furthermore, the Company has paid attention to develop our human capital's

knowledge and ability to grow sustainably with the organization forever.

As a result, from our commitment to conduct business under good corporate governance, the Company, therefore, has received an **"Excellence"** or **"5 stars"** for the 2nd consecutive year from Thai Listed Companies Corporate Governance Survey Year 2019 by the Thai Institute of Directors Association (IOD Thailand) and the Stock Exchange of Thailand (SET).

On behalf of the Board of Directors, I would like to thank to shareholders, customers, business partners for the trust and the supporting and thank to the managements and all employees for the commitments and dedications to the fullest capability to outperform and achieve the revenue growth, branch expansion and services successfully, as well as to be part of sustainability development for our future.

I would like to confirm that, all directors of the Board and myself, will be supervising the company's management to succeed our strategic targets by adhering to moral principles, honesty and transparency in business operations, as well as strictly complying with corporate governance principles to maintain the number one position in the vehicle title loan business. I am highly confident that Muangthai Capital Public Company Limited will continue sustainably growing in the far future.



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

Message from the Chairman of Executive Committee

According to the announced Company's business performance of 2019, the result successfully has met the goals. These include number of new loans, outstanding debtors, revenue, profit as well as ability to control NPL within 2.0 as stated.

Moreover, the Company has applied new innovation to our working process in order to increase competitive advantage and facilitate our customers. With reputation of the Company and experienced employees, the Company has continuously and sustainably growth despite any rapid change and disruption. We have strived to develop new innovation and offerings so as to provide our customers with various services that meet their needs and gain their highest satisfaction.

The Company not only has strived to achieve the highest performance but always consider the impact of our stakeholders; maintaining suitability of business. We have instilled social, community and environmental mindset to every members of organization. In 2019, the Company has been granted the Bronze **"Board of the Year Awards"** from the Thai Institute of Director (IOD) in collaboration with six private organizations. The award has provided to the listed companies that achieve efficiency and effective performance while adhere to transparency and fairness responsibility to all stakeholders.

Moreover, the Company has been granted "Outstanding Company Performance Award" and **"Outstanding CEO Awards"** from the exceptional performance of the Company. Also, the Company has being selected as a **"Thailand Sustainability Investment"** in the Stock Exchange of Thailand (SET THSI) Index for sustainable business operation which commits to be a microfinance loan provider with responsible to all stakeholders and is an example to entrepreneurs within the same industry for aspect of corporate governance. This includes awareness of the impact and the development of comprehensive strategies for the environment, society and good corporate governance (ESG) to achieve sustainable development.

Last but not least, as the management team, I would like to say that we will operate the Company to achieve the plan with social and environmental responsibility while always considers benefits of all stakeholders. We promise to ensure the Company sustainable growth forever.



(Mr. Chuchat Petaumpai)
Chairman of the 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 whose are qualified with the criteria set up by the Stock Exchange of Thailand (SET) and Security and Exchange Commission (SEC). The list is per follows;

- | | |
|-------------------------------|---------------------------------|
| 1. Mrs. Kongkaew Piamduaytham | Chairman of the Audit Committee |
| 2. Mr. Kampol Tatiyakavee | Member of the Audit Committee |
| 3. Mrs. Nongnuch Davasuan | Member of the Audit Committee |

In 2019, the committee held 4 meetings to perform its duties within the framework stipulated in the Charter of Audit Committee. 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 to discuss about findings during the auditing process and the issues in which the auditors considered as material. This practice is to promote the Company's good corporate 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. Review of financial reports: The committee has reviewed the quarterly and annually financial statements, the consolidated financial statement and the conflict of interest transactions to ensure that the Company's financial statements were accurately prepared and presented in accordance with financial report standards and that the Company's 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 (SET) and the Securities and Exchange Commission (SEC). In addition, the Audit Committee discussed with the auditor and management about the readiness of the Company in regards to prepare the financial reports following the Financial Report Standard Vol. 16 (IFRS 16) on the rental agreement which will be effective in the year 2020.

2. Review of internal control and internal audit system: The committee approved the audit plan for the year 2019 of the Internal Audit Department and regularly monitored the operating results on quarterly basis considering the key risks, the committee provided useful recommendations and comments to ensure that the existing internal control processes could help preventing or mitigating the 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 commented 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.

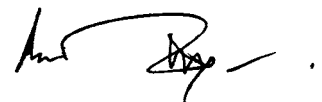
3. Review of compliance: The committee reviewed the Company's business operations and viewed that they were complied with the laws relating to securities, such as the SET's regulations and other regulations which were related to the Company's business, including the Company's anti-fraud policy and the regulatory changes that may impact the business operations.

4. Review of connected transactions and conflict of interest: The committee reviewed the connected transactions and conflict of interest based on a fair, reasonable and transparent basis, while taking into consideration the benefits of all stakeholders and the sufficiency of information disclosures as required by SET and SEC.

5. Consideration of nomination and appointing of external auditor 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 2019 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. Followings 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 Yongnsawatwanich	Certified Public Accountant Registration No.4951 and/or
4) Ms. Wanwilai Phetsang	Certified Public Accountant Registration No.5315

6. Consideration and review of the Charter of Audit Committee: The committee considered and reviewed the Charter of Audit Committee 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 2019 was effective, achieved all objectives assigned by the Board of Directors.



(Mrs. Kongkaew Piamduaytham)
Chairman of the Audit Committee



Report of the Risk Management Committee of 2019

In reference to the Board of Directors' approval of establishment of the Risk Management Committee since 2016 to be responsible to formulate the risk management policy, monitoring the risk management implementation, including assessment of the sufficiency of risk management and system and report to the Risk Management Committee, the Risk Management Committee has been assigned from the Board of Directors, consisting of 3 directors per followings;

- | | |
|-----------------------------|---|
| 1. Mr. Kampol Tatiyakavee | Chairman of Risk Management Committee
(Independent Director) |
| 2. Mrs. Nongnooch Davasuwan | Member of Risk Management (Independent Director) |
| 3. Mr.Chuchat Petaumpai | Member of Risk Management |

As of 31st December 2019, the Risk Management Committee is responsible for supervising Muangthai Capital Public Company Limited to have a risk management framework, including appropriate risk management policies and related procedures. During the year, the Risk Management Committee has regularly arranged meetings to monitor the risk management planning and implementing process performed by the assigned working team, in which consisting of each department's head. In each session, the Risk Management Committee is responsible for considering significant risk factors assessed following the risk management guidelines throughout the organization. This includes liquidity risk, the business continuity plan and risk management framework correspondingly to the anti-corruption policy and other related hazards that may affect the business operations. The committee has to consider the additional risks that may significantly change the business operations, such as risks from significant global trends affecting corporate sustainability and the Risk from the Personal Data Protection Act B.E.2562 and the Company's IT Security system.

The Risk Management Committee viewed that the Company had the sufficient and appropriate risk management.



(Mr.Kampol Tatiyakavee)

Chairman of Risk Management Committee

Report of the Nomination and Remuneration Committee of 2019

The Nomination and Remuneration Committee is consisted of 3 independent directors having Adm. Apichart Pengsritong in charge of the Chairman of the committee and Mr. Yothin Anavil and Mr. Seauksit Petaumpai as committees. The Nomination and Remuneration Committee is responsible for recruiting qualified persons in accordance with established guidelines and procedures to propose to be appointed as director and to assign appropriate directors into each Board's committee. It also includes considering the form and criteria of directors' remunerations to propose to the Board of Directors and Shareholders' meeting for approval, respectively.

In the year 2019, the Nomination and Remuneration Committee had performed the duties assigned by the Board of Directors completely with strictly adhering to the principles of good corporate governance for the optimal benefit and sustainability of all stakeholders.

The summary of the Nominating Committee's performance for the year 2019 is as follows;

1. Nominated and selected directors to replace the empty position by proposing to the Board of Directors to consider appointing one more additional director for adequacy and align with the Company's growth.
2. Provided an opportunity for minority shareholders to propose Shareholder's meeting's agendas and list of persons to be nominated as company's directors for 3 months prior to the Annual General Meeting of 2019 from 1st October, 2019, to 31st December, 2019, in order to comply with best corporate governance and to benefit the Company as a whole as well as all stakeholders. However, there was no proposing

by minority shareholder for this director nomination in the Annual General Meeting of 2020.

3. Considered appropriation and proposed the remunerations of the Company's directors and sub-committee compared to other companies in the same industry with regards to their roles and responsibilities together with the Company's performance as criteria to be proposed to the Company's Board of Directors for approval prior to proposing to the General Meeting of Shareholders for considering the approval.

4. The Board of Directors has considered the proposed qualified directors as sub-committees for presentation to the Board of Directors to consider the appointment as appropriate.

In conclusion, the Nomination and Remuneration Committee has completely performed per the above in accordance to the roles and responsibilities assigned by the Board of Directors and is having an opinion that, in the year 2020, the Company's directors and committees are knowledgeable and talented. It is also considered that the remunerations and other benefits exhibited in the Annual Report are appropriate for the roles and responsibilities in line with the economic condition as well as the company's overall performance.



(Adm. Apichart Pengsritong)

Chairman of the Nomination and Remuneration Committee



Report of the Corporate Governance Committee of 2019

Operating business under good corporate governance and the code of conduct is one of the company's most significant policy and mission which is the priority for directors of the Board, management and all employees. However, in order to ensure that our business operations comply these policies, the Board of Directors, hence, established and assigned the Corporate Governance Committee to supervise, monitor and encourage the company to operate in accordance to our corporate and governance policies and guideline, as well as our code of conduct.

The Corporate Governance Committee is confident that the Corporate Governance Policy, Ethics and Business Ethics significantly contribute development in Thailand's economy, social and environment, in which driving the company to become a leading sustainable organization and will bring a confidence to shareholders, investors and all stakeholders. In addition, as the Company is highly aware that the corruption is a barrier to social and economic development of the country, the Company has announced its intention to work in collaboration with Thai private sector as Collective Action Coalition which is a part of compliance to good corporate governance and received a certificate from the project on 18th October, 2019.

For the Company's operations in 2019, the corporate governance committee has monitored the Company's performance in accordance to the action plans of good governance and social, community, and environment responsibilities which can be concluded as follows;

✔ The Company discloses the complete information in its 56-1 form, annual report, the quarterly disclosures and all other disclosures for the shareholders, investors and general people which shall be complete, sufficient, reliable and timely via communication channels regularly such as Company's website, notifications to SET and media, etc.

✔ Investor Relations function was established to be a main channel for communications and activities such as analyst meeting, roadshow in Thailand and abroad.

✔ The Company has participated in the investor meeting event, **"Opportunity Day"** held by the Stock Exchange of Thailand (SET) with an objective to provide individual company to explain its business performance to analysts, investors, media and any interested persons. The activity is regularly held quarterly after the release of financial statements and the Company has participated in such event every time. The presentations and webcasts can be found in www.muangthaicap.com, Investor Relation page, as well as the Stock Exchange of Thailand's website.

✔ The Company provides opportunity for all shareholders to propose the AGM meeting agenda, the candidate for the director position and to submit questions or inquiries before the shareholder's meeting, during October to December annually, which shall comply with regulations and company's articles of association, including criteria the Company has established and disclosed in Company's website, www.muangthaicap.com

✔ The shareholding of directors and managements are disclosed transparently including following information in regards to Company's disclosure policy;

- The buy and sell of Company's shares: The policy requires that the directors, managements and related persons (spouse and underage children) to be forbidden from buying, selling or transferring the company's shares during the blackout period prior to the financial performance releasing date. When the buying, selling and transferring is not conducted within the window period, they must be informed to the Company's secretary in order to report to SEC in accordance to SEC's regulation, as well as to the Board of Directors' meeting quarterly.

- The conflict of interest and related party transactions: In order to prevent the conflict of interest, any transactions complied which are conflict of interest must be reported to the Chairman of the Board of Directors and the Board of Directors' meeting quarterly.

In addition, the Company is committed to be responsible to Social, hence the management and all employees have been participating in the practices per followings;

✔ Encouraging the employees at all level to follow the corporate governance guideline strictly and cultivate the acknowledgement of anti-corruptions within the organization.

✔ Promoting and encouraging the Company to arrange CSR activities by building the children centers every year consecutively in the areas of the branches. The project has been started since 2012 with details as follows;

Year 2012	Kirirat Sub-district, Phobpra District, Tak Province
Year 2013	Nakham Sub-district, Muang District, Loey Province
Year 2014	Paklang Sub-district, Pou District, Nan Province
Year 2015	Baan Makam En School and Wat Rangsanek Nakornchan School in Takoey Sub-district, Suan phueng District, Rachaburi Province
Year 2016	Ban Patirooptheedin, Thai Samaggi District and Ban Subsaihong School, Wang Nam Khiao District, Nakhon Ratchasima Province



Year 2017	Ban Dong Noi School, Niyonchai Sub-district, Lopburi Province and Ban Klong Samui School, Pongnamron Sub-district, Muang District, Kampong petch Province
Year 2018	The 10th children development center is at Ban Kongwa, Pongtung Sub-district, Doi Tao District, Chiangmai Province. The 11th children development center is at Sribanpot Kindagarden School, Kaoya Sub-district, Sribanpot District, Pattaloong Province and the 12th children development center is at Ban Nong Pak Wan, Tupparach Sub-district, Ta Praja District, Srakaew Province
Year 2019	13th children development center was built for the Banthaeowitthayakarn School Child Development Center, Phra Nakhon Si Ayutthaya Province, the 14th building was donated to Ban Nong Wa Child Development Center, Khon Kaen Province, the 15th building was donated to Ban Nong Kung Child Development Center, Surin Province, and the 16th building was donated to Bang Ngon Child Development Center, Surat Thani Province.

✔ **Blood Donation to Thailand's Red Cross:** The **"Muangthai Blood Donation"** program is held continuously with participation from employees to contribute their blood donations to hospitals and Thailand's Red Cross across Thailand. In 2019, there are total of 6,325 employees participated in such activity (300 cc each), which help contribution of 1,897,500 cc in blood. The number of employees participating in the program is 1,400 people higher than the previous year.

✔ **The annual Kratin ceremony this year** has the objectives in maintaining the tradition and culture as well as building the good relationship with the community. In 2019, the total collection was 5,557,346.50 Baht and contributed to 4 following temples;

- 1. Mae Chiang Rai Lum Temple**, Mae Phrik Sub-district, Mae Phrik District, Lampang Province, to build the Ubosot in the amount of 1,382,853 baht
- 2. Nong Che Temple**, Wang Hin Sub-district, Bang Khan District, Nakhon Si Thammarat Province, to build the Ubosot in the amount of 1,395,221 baht
- 3. Don Si Daram Temple**, Huai Yang Sub-district, Mueang Sakon Nakhon District, Sakon Nakhon Province, to build the Ubosot in the amount of 1,381,119.50 baht
- 4. Chong Kum Temple**, Chong Kum Sub-district, Watthana Nakhon District, Sa Kaeo Province to build the sermon hall in the amount of 1,398,153 baht.

Additionally, the scholarships and student supplies were granted to twelve schools in the amount of 200,000 Baht each.



The Company's determination to conduct business under good corporate governance in the past year resulted in receiving the vital awards which is very proud of the Company and all employees as follows:

1. Quality Assessment Award from the Thai Listed Companies Corporate Governance Survey Year 2019 Program from the Thai Institute of Directors Association together with the Stock Exchange of Thailand Which has a rating of "excellent" or 5-star rating for the second consecutive year

2. **Honorary awards from the SET Awards 2019** include:

2.1 Group of 2 Business Excellence Awards, consisting of

- **Outstanding Company Performance Award** among companies with a market capitalization of over 100,000 million baht
- **Outstanding CEO Awards** from the exceptional performance of the Company

2.2 Being selected as a "**Thailand Sustainability Investment**" in the Stock Exchange of Thailand (SET THSI) Index for sustainable business operations and is committed to be a microfinance loan provider that is responsible to all stakeholders and is an example to entrepreneurs being in the same industry in corporate governance. This includes the awareness of the impact and the development of comprehensive strategies for the environment, society and good corporate governance (ESG) to achieve sustainable development.

The evaluation results reflect the Company's operations under the principles of good governance. The Corporate Governance Committee is strongly confident that operating business with transparency and continuous proper corporate governance development will enable the organization to grow sustainably and build confidence among shareholders and all stakeholders. The Company must continue to improve and develop guidelines for good corporate governance to be consistent with the company's business operations to be in line with international best practices.



(Mr.Yothin Anavil)

Chairman of Corporate Governance Committee



Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors is responsible for the financial statements of Muangthai Capital Public Company Limited and the subsidiaries prepared in accordance with the standards of financial report under the Accounting Act B.E.2543 and according to the regulations of Securities Exchange Commission and SET in preparing and proposing the financial status under the Securities and Securities Exchange Act B.E.2565. The proper accounting policies are selected and practices regularly. This includes the disclosure of sufficient information in the notes to financial statements having the auditor to verify and audit the financial statements as well as commenting in the auditor report unconditionally.

The Board of Directors is in charge of supervising and developing the corporate governance, ethics, anti-corruption as well as establishing and maintaining the risk management and internal control system to ensure that the accounting data is recorded correctly, completely, in the timely manner and sufficiently to maintain the assets. This includes preventing the occurrence of fraud or significant irregularities in which the Board of Directors has appointed the Audit Committee consisting of independent directors to oversee the financial statements, assess the internal control and internal audit systems to be efficient and effective. The opinion of the Audit Committee is shown in the Audit Committee Report as shown in this annual report.

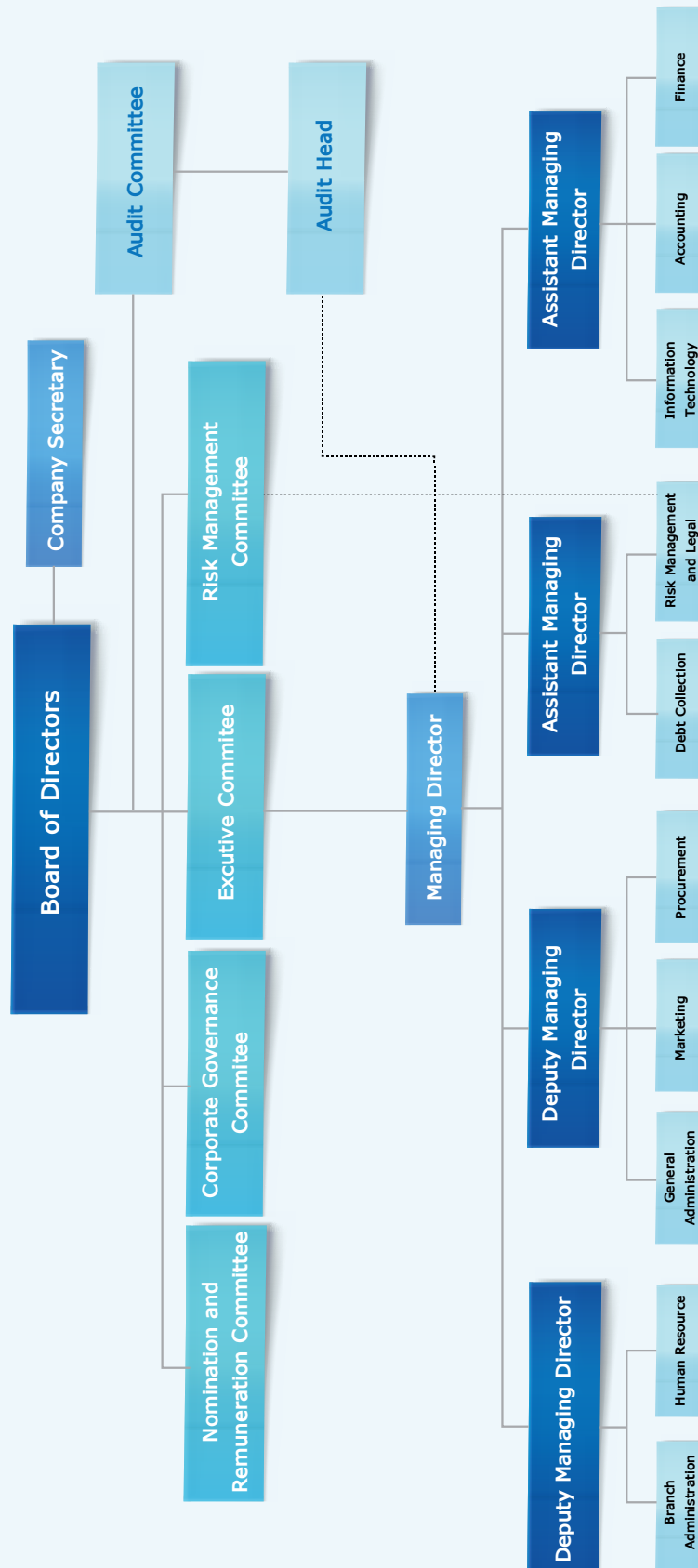
The Board of Directors views that the Company's overall internal control system and internal audit system are satisfactory and can reasonably ensure that the financial statements of Muangthai Capital Public Company Limited and the subsidiaries showed essentially accurate financial positions, performance outcomes, and cash flows under financial reporting standards.



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

Organization Structure

Muangthai Capital Public Company Limited



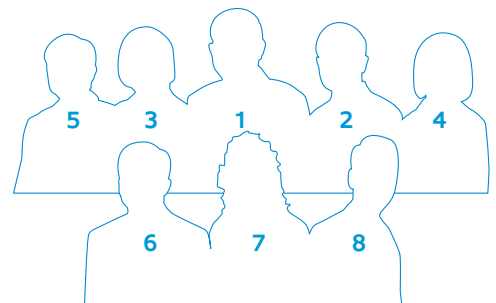
Board of Directors

In the year 2019, in the 2019 Annual General Meeting of the Company which was held on 18th April, 2019, the shareholders of the Company appointed Mr. Seauksit Petaumpai as a director of the Company. Therefore as of 31st December 2019 the Board of directors has a total of 8 persons consisting of:



List of Directors

- | | |
|-------------------------------|--|
| 1. Adm. Apichart Pengsritong | Chairman of the Board and independent director |
| 2. Mr. Chuchat Petaumpai | Director |
| 3. Mrs. Kongkaew Piamduaytham | Independent director |
| 4. Mrs. Nongnuch Davasuan | Independent director |
| 5. Mr. Yothin Anavil | Independent director |
| 6. Mr. Kampol Tatiyakavee | Independent director |
| 7. Mrs. Daonapa Petaumpai | Director |
| 8. Dr. Seauksit Petaumpai | Director |



Executive Committee



List of Executive Committee

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

Chief of the Executive Committee

Executive Committee/Managing Director

Executive Committee

Executive Committee

Executive Committee

Executive Committee

Executive Committee

Executive Committee

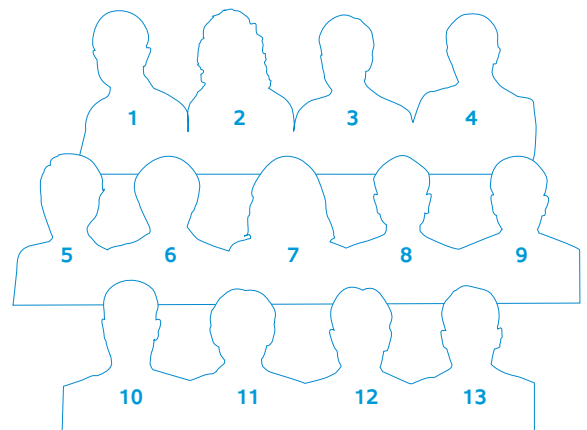
Executive Committee

Executive Committee

Executive Committee

Executive Committee

Executive Committee





MUANGTHAI CAPITAL

No.1 Leader in Thailand's Microfinance



MTC operates as a microfinancial service provider for retail customers with excellent service, fairness and transparency. Today, we emerge as strong performer and moving towards ESG integration for our sustainability.

Serving more than 2.7 million active contracts.



ESG MSCI
Index Rating "A"



Ranked in 4 TIA Level
by Thai Investors
Association



Granted
Board of the year 2018
(Bronze)
30,000-100,000 MB



Certified by Thailand's
Private Sector
Collective Action
Coalition Against
Corruption



First Microfinance
Listed in Thailand
Sustainability
Index (THSI)



"Excellence" Rated
for Corporate Governance
Report of Thai Limited
Companies

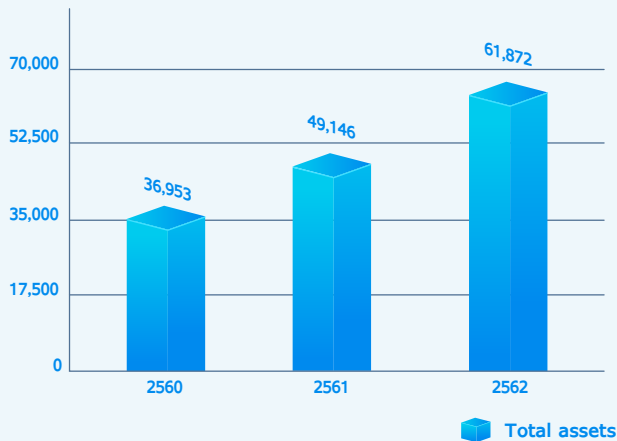


Rated BBB+
by Tris Rating

Summary of financial Information, financial status, and operating results

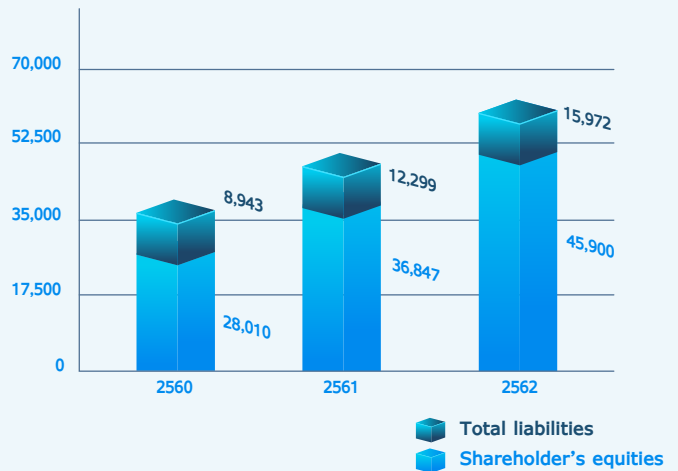
Total assets

Unit: million baht



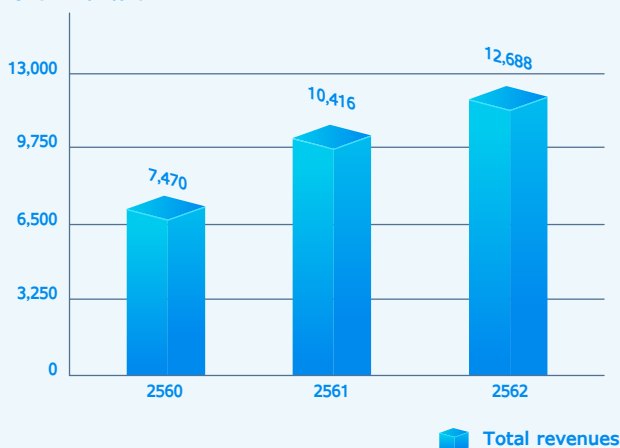
Total Liabilities and Equities

Unit: million baht



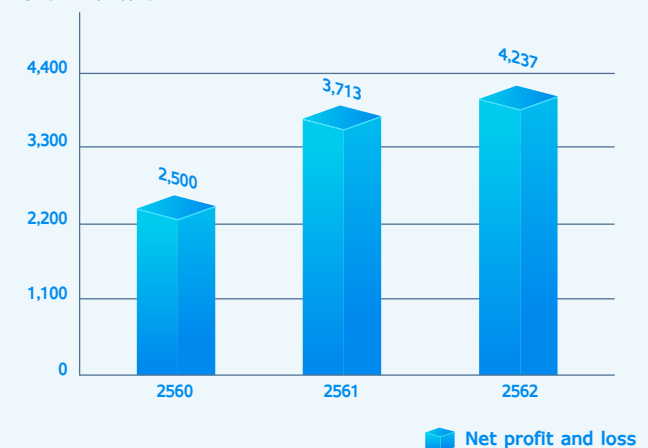
Total revenues

Unit: million baht



Profit and loss for the year

Unit: million baht



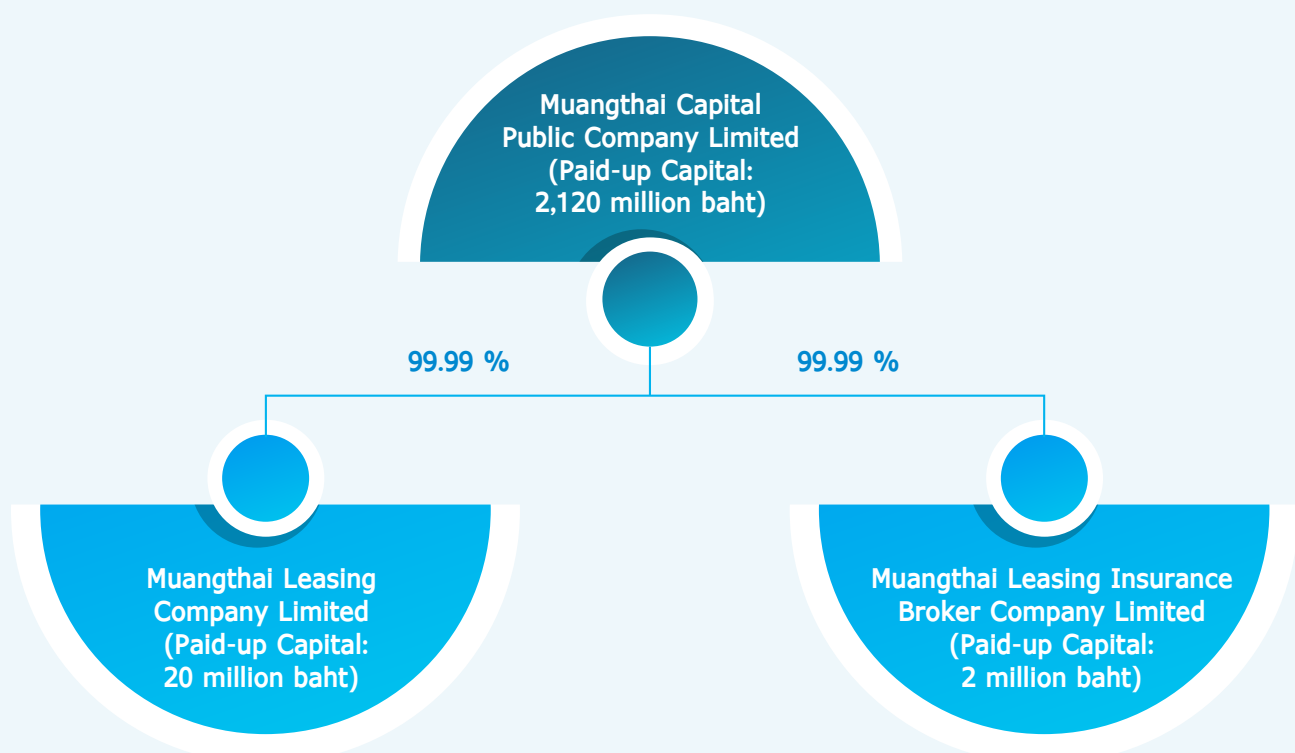
Section 1 About Muangthai Capital

Policy, strategy and business operations

Muangthai Capital Public Company Limited and the subsidiaries (“Company”) was founded by Mr. Chuchat Petaumpai and Mrs. Daonapa Petaumpai. Registered on 22nd May, 1992, the Company is currently a Non-bank Financial Institution operating a car loan business with a personal loan business under the supervision of the Bank of Thailand for retail customers (Microfinance). The vehicles those can be used as guarantee consist of motorcycles, cars, pickup trucks and agricultural vehicles registered with the Department of Land Transport. The Company expanded the services to cover loans that use agrarian land as collateral and loans of Nano Finance to respond to customers’ credit needs more thoroughly.

However, in 2019, the Company foresees the potential of the new motorcycle hire purchase business, hich is an extension product for the Company’s existing motorcycle registration loan customers. There are more than 1.8 million customers at the end of the year 2019. Therefore, the Board of Directors had the resolution to establish a subsidiary, Muangthai Leasing Company Limited on 26th February, 2019, with the authorized capital and paid-up capital of 20 million baht.

Muangthai Capital Public Company Limited directly holds 99.99 per cent of the shares of the subsidiaries which are Muangthai Leasing Insurance Brokers having the nature of insurance broker and Muangthai Leasing Company Limited operating the hire purchase business. The shareholding structure of the Company and the subsidiaries as of 31st December, 2019, was as follows:



The main business philosophy of the founders of the Company, Khun Chuchat Petaumpai and Khun Daonapa Petaumpai, is to be a microfinance loan service provider allowing people who cannot access the loan source from a financial institution to be able to obtain the loan source with fair and transparent economic costs. The said philosophy has become a guideline for business operations based on the principles of good governance, appropriate risk management including the strategy for sustainable development of the Company to be **“responsible microfinance loan provider”**. This means creating credit products of Microfinance which can respond to the country’s financial inclusion with the responsibilities to all stakeholders corresponding to the policy of the Bank of Thailand.

Currently, the Company focuses on growth by expanding the customer base through the expansion of branches to cover all areas in the country. The Company aims at helping improving access to public funding sources more natural and more convenient. The Company believes that the distribution of financial access to people will help reducing financial inequality in the country which is the cornerstone of sustainable economic system. However, as on 31st December 2019, the Company has 4,107 branches spreading in 74 provinces nationwide.

The customer group of the Company consists of retail customers with both regular and non-regular income. As this group is a vital stakeholder of the Company, the Company pays attention to create an excellent sustainable relationship with customers by adhering to the Service Excellence Policy as the Company’s slogan of **“Intimate service”**. Besides, the Company is determined to develop and upgrade the market conduct to customers of the whole industry to be truly fair and transparent. From this reason, the Company has received trusted by customers to use the Company’s credit

services and grows continuously. Currently, the Company has more than 1.8 million customers from various professional groups

As the Company also believes that happy employees will be able to pass on happiness to the customers, the Company pays great attention to employees in terms of knowledge, skill development, and welfares in consistence with the achievement of the Company both in short-term and long-term together with safety in the work environment. The Company, therefore, is committed to create and instill “Corporate culture” which is an integral part of the Company’s sustainable success for employees to work at full efficiency and the Company to grow sustainably.

Medium-term business plan (2018-2020)

Muangthai Capital has set up a medium-term business plan (2018-2020) as having been communicated to all stakeholders of the Company since the beginning of 2018 which covers all dimensions of being a sustainable growing Non -bank Financial Institution as follows:

- ✔ The Company will maintain No. 1 leader in the microfinance business.
- ✔ The Company will expand the business in the period of 3 years at the annual growth rate of 35, 25 and 20 per cent respectively.
- ✔ The Company will expand the customer service area to cover all regions of the country by opening the operations in the form of large branches, sub-branches and service centers. The Company aims to open 600 branches each year to improve access to finance and reduce economic disparity among Thai people especially those who do not have access to a bank loan source.

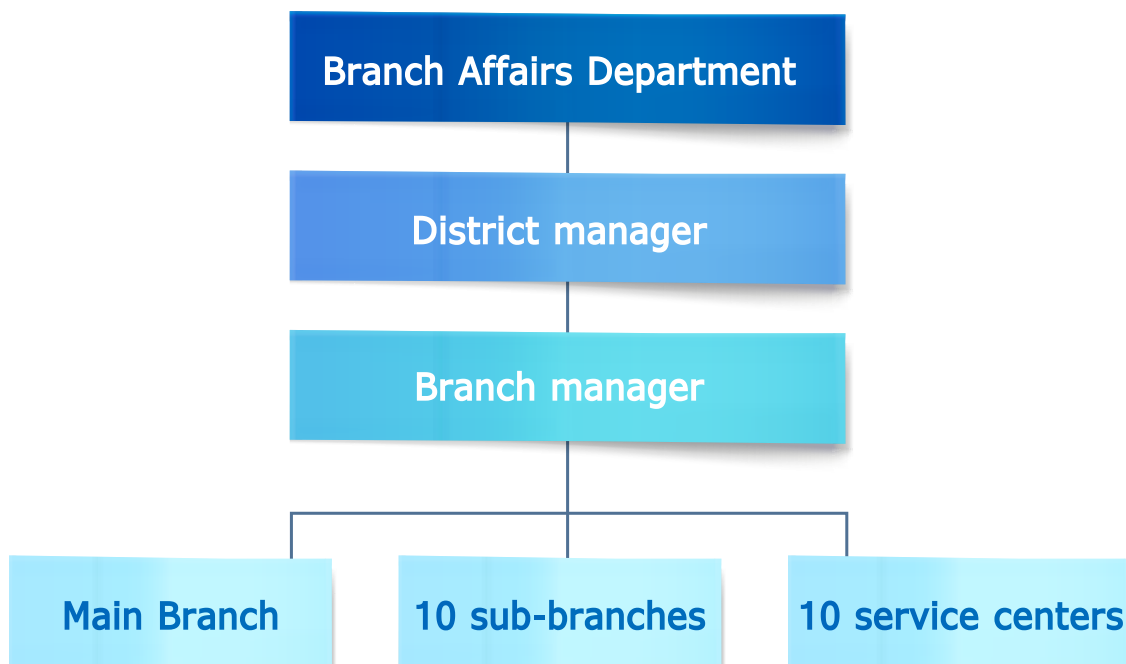


✔ The Company will maintain the standard of business operation by providing credit with strict responsibility and expedite debt collection efficiently in order to maintain the non-performing loans (NPL) rate to be not more than 2.0 percent, reduce the loss from confiscated car sales for maximum benefits of the Company.

✔ The Company will begin the digital transformation process to increase the efficiency of business operations and meet the needs, behaviors of customers, environment of Technology Infrastructure and the changing digital legal environment.

Management Strategies

The Company mainly operates microfinance car registration loans with a personal loan business under the supervision of the Bank of Thailand to retail customers (Microfinance). Furthermore, we also provide loans with land title deeds as collateral and nano-finance loans to general retail customers through branches of MTC spread across all regions of the country. The management is in the form of decentralization towards the branches divided into head office, sub-branches, and service centers. The main branches are under the supervision of the district manager which will be directly under the supervision of the branch affairs department. Each main branch is responsible for managing 10 sub-branches and 10 service centers.



The management of decentralization of the branches of Muang Thai Capital Public Company Limited

The financial services business for retail customers of the Company still mainly focuses on using human relations. It reflects the management structure of decentralization to access and maintain retail customer base. MTC, therefore, focuses on the following management strategies:

1. The development of human resources and corporate culture to be strong for the middle management to supervise the subordinates to perform the operation at full capacity to achieve the company's goals and maintain the level of competitiveness.

2. The strengthening of internal audit system to be efficient can create confidence among our shareholders and other stakeholders.

3. The strengthening of security and safety especially in the financial management and information management with the use of technology and information system.

Business operational strategies

1. The expansion of the Company's business adheres the slogan of ***"Intimate services"***. This reflects the strategy in line with the missions of the Company:

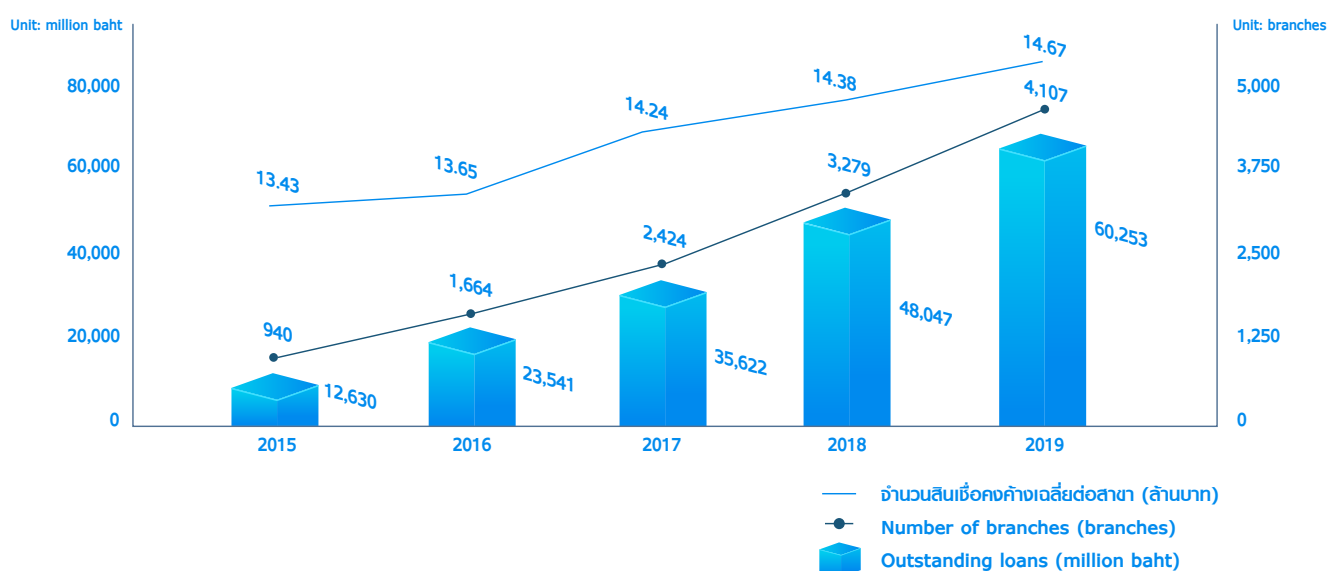
- Growing through the expansion of branches throughout all regions of Thailand to enable the company to be as close as possible to people and become part of the community.
- Excellent service policy which means providing a good experience for customers by focusing on building engagement, responding to what customers want, responding to customer satisfaction, and respecting customer's rights.
- Being a loan service provider that is responsible, fair and transparent.

2. Developing new credit products in response to customer needs and strengthening competition and sustainable growth.

3. Developing and adapting to the digital age responding to the changing behaviors of consumers and the environment of the industry and regulations.

Business expansion

The strategy of Company's business expansion sets the target of the Company's outstanding loan growth during the year 2018-2020 with the focus on approaching new customers through the number of branches nationwide. In 2019, the Company opened 828 new offices, resulting in the total number of 4,107 branches at the end of the year 2019. This leads to the loan rate of 14.7 million baht per branch higher than the year 2018. It indicates the development of growth efficiency coupled with the operational efficiency of the branch.



Credit product development

In the year 2019, Muangthai Capital expanded the new credit products in response to the needs of the existing customers of the Company to the new motorcycle hire purchase loans. It was expected that the new credit products would be a factor supporting the expansion and growth of the Company's outstanding loans in the future. Therefore, the financial products for the Company's retail customers can be divided into 5 main credit products and 1 additional service as follows.

1) Vehicle title loan

The Company provides for general retail customers with a personal loan business license under the supervision of the Bank of Thailand. The aforementioned personal credit business license permits the interest to be collected at the rate of no more than 28% a year with various types of vehicles as guarantee consisting of motorcycles, automobiles, pickup trucks and agricultural vehicles registered with the Department of Land Transport and owned by the loan applicant for the period of time not

less than as specified by the Company. In this regard, the customers requesting the loan must submit the original car registration booklet to the Company as a guarantee without having to register the ownership transfer in the car registration booklet to the Company. The customers will still own the vehicles used as collateral for credit applications and can use the vehicles as usual.

2) Land title deeds loan

The Company provides the loan service with the land title deeds as collateral. The customers requesting the loan must submit the original land title deeds to the Company as the collateral. The Company offers more choices for customers in mortgaging the land if the customer wants a high credit limit loan. The interest rate for loans with the land as collateral does not exceed 15% per year.

3) Personal loan

The Company provides unsecured personal loans with a personal loan business license under the supervision of the Bank of Thailand since 31st August, 2006, for the customers who have a previous car loan installment history with the company and good payment history only. Since it is an unsecured loan, such personal loan business operator license allows collecting the interest for not more than 28 percent per year.

4) Nano-finance loan

The company has provided Nano Finance loans with a microfinance business license under the supervision of the Bank of Thailand since 26th May, 2015. The microfinance business license permits for collecting the interest at the rate of 36 percent per annum and it is an unsecured loan. The objective is to provide career loans only to customers who have a history of installment of car registration loans with the Company before and have a good payment history.

5) Motorcycle leasing

The Company operates the motorcycle leasing business under the name of Muangthai Leasing Company Limited (“MTLS”). The Company registered to establish a limited company on 1st March, 2019, with the authorized and paid-up capital of 20 million baht divided into 200,000 ordinary shares with a par value of 100 baht each. At present, the Company holds 199,997 shares in MTLS equivalent to 99.99 percent of the total number of the sold shares. MTLS operates the new motorcycle leasing to customers having the car registration loans with the Company who have good payment history and want to buy a new motorcycle by leasing through the Company’s branches.

6) Non-life insurance broker

The Company operates a life insurance brokerage business under Muangthai Leasing Insurance Broker Company Limited (“MTLI”) which was established on 4th February, 2011, with authorized and paid-up capital of 2 million baht divided into 20,000 ordinary shares with a par value of 100 baht each. Currently, the Company holds 19,998 shares in MTLI, equivalent to 99.99 percent of the total sold shares.

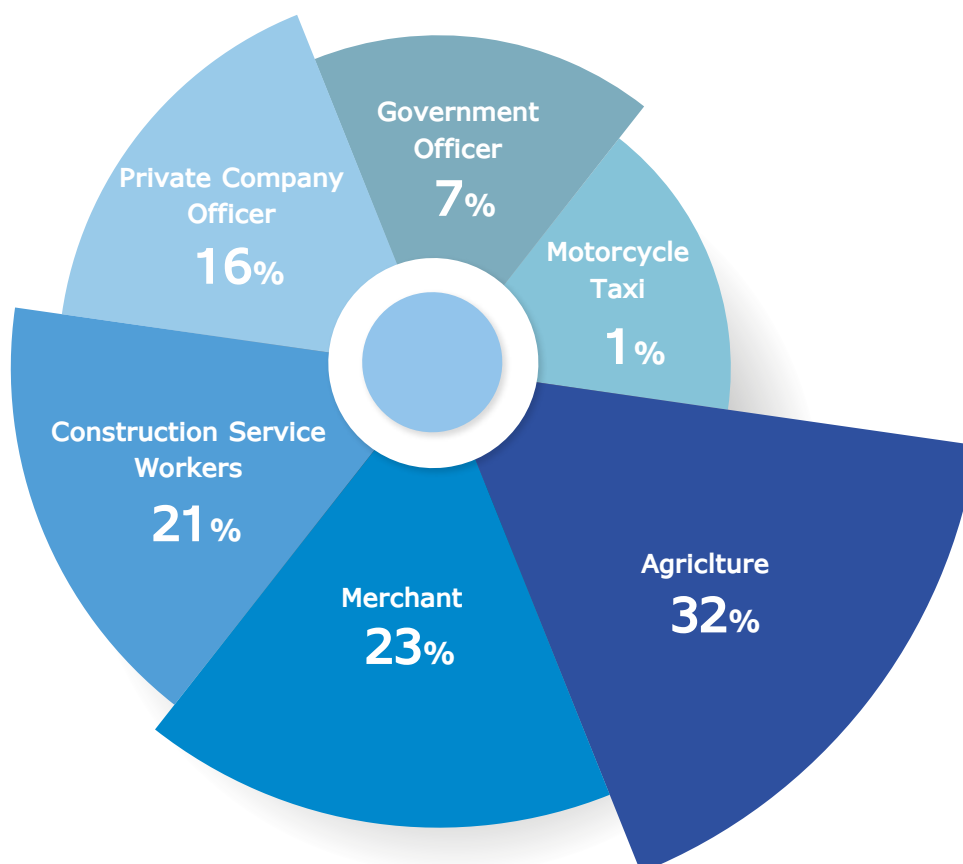
MTLI engages in the insurance broker business including Compulsory Third Party Insurance (CTP) and personal accident insurance by being licensed as a non-life insurance broker referred to the Insurance Act B.E. 2535 from the Office of Insurance Commission (OIC) since 4th May, 2011. Currently, the non-life insurance policies having MTLI as the broker for distributing are the Victims Insurance Policy for Motorcycle Accident (Motorcycle Act), Victims for Automobile Accident (Automobile Act), Insurance Policy for Lost Car, and personal accident insurance policy to facilitate customers.

Customers

The main customers of the Company are people who are unable to access fund sources or loans from general commercial banks because of the lack of information or evidence showing financial status or revenues. As this group is the majority of people in the country, when considering to grant microfinance loans, the Company does not take into account the evidence of income or information showing the credit status of customers. Instead, the Company considers the guaranteed properties. The customers of the Company are sensitive to the macro-economy, government support policies, and natural disasters.

From having operated the business for nearly 3 decades, the Company understands the needs of money spending, the objectives of spending, spending habits and payment including factors that affect customer satisfaction. The company, therefore, has a guideline for treating customers “like intimate relatives” with customers as the center and focus on providing excellent, thorough and equal service.

At the end of 2019, the Company can divide customer groups by size of outstanding loans as follows:



Network of Service Provision

The Company provides microfinance loans to retail customers through the branches nationwide. There are three types of branches which are Full Branch, Sub Branch, and Service Center.



As on 31st December, 2019, the Company has a total of 4,107 branches and 6 auction centers.



A name list and locations of service branches can be found on the Company's website, <http://www.muangthaicap.com> and the Muangthai Capital 4.0 application for both iOS and Android operating systems at "Find a Branch" or "Contact us".

Outstanding receivables classified by type of credit product

Outstanding receivables classified by type of credit product	2019		2018		2017	
	Million baht	%	Million baht	%	Million baht	%
Vehicle title loan	42,946.45	71.17	34,275.76	71.34	26,844.13	75.35
Land title deed loan	5,350.53	8.87	6,630.58	13.80	4,921.28	13.82
Personal loan	6,104.22	10.12	4,925.08	10.25	2,843.43	7.98
Nano-finance loan	5,851.70	9.70	2,216.05	4.61	1,013.73	2.85
New motorcycle leasing loan	84.79	0.14	-	-	-	-
Total account receivables	60,337.69	100.00	48,047.47	100.00	35,622.57	100.00

Note: The outstanding receivable balance is calculated from the contractual debts and accrued interest.

Development and adaptation to digital era

Applications on mobile phones

Since 2017, the Company has started to develop and adapt completely digitally for the sustainable growth of the Company by launching an application called “Muangthai Capital 4.0”. The Program runs on the iOS and Android operating systems to facilitate and ensure transparency in providing services to customers in notifying the due date of payment, the balance due for payment, and outstanding loans.

New service to Cashless Society

The Company has started the service of Cross Bank Bill Payment to facilitate customers to pay loans faster and more efficiently through K-Plus of Kasikorn Bank’s online banking application without charges.

Digital marketing and social media strategies

Apart from encouraging the digital marketing and social media strategies to build brand trust and credibility, the Company also uses social media to build relationships with customers. In the past, the Company found that online communication channels did not only help with communication for sales but it was also an active communication channel which was effective and important between the company and the customers in other aspects such as reporting fraud, accepting complaints, accepting suggestions, and criticism. The Company then set the guidelines and targets in using all social media channels including the Company’s website, Facebook, and others in order to deliver and receive messages to produce the most effective results and benefits.

Developing AI Chatbot

In 2019, the Company began to develop AI Chatbot to help developing and improving communication with customers via social media to be more efficient and faster. The AI Chatbot of the Company will be able to answer basic customer questions regarding loan products, procedures for a credit application, location of branches of the Company etc. The Company believes that the AI Chatbot tool is an essential communication tool that can connect and support customer engagement so that the Company can maintain a thorough interaction with customers even not during the office hours.

Marketing and competition in the car loans and personal loans industry

Since the company is a non-bank institute that operates car loan and retail loan services, most of the competitors in the industry are car loan operators with the license to operate personal loans under the supervision, license to operate retail loans for career under the supervision of the bank of Thailand, or the license of Pico Finance from the Ministry of Finance. Such licenses are the barrier to entry. The entrepreneurs interested in entering an industry or the entrepreneurs who have been licensed to undertake credit business must have the ability to maintain various standards to comply with the regulations.

At the end of December 2019, for non-bank business operators, it is reported that total market value of personal loans under supervision (unsecured) is 235,009 million baht, comparing to the Company's account receivable of the same loan of 6,104 million baht, or accounting of 2.59 percent of marketshare, total market value of personal loans under supervision

(vehicle title loan) is 90,434 million baht, comparing to the Company's account receivable of the same loan of 42,946 million baht, or accounting of 47.48 percent of marketshare, total nano finance loan valued 19,318 million baht, comparing to the Company's account receivable of the same loan of 5,852 million baht, or accounting of 30.29 percent or marketshare.

In the year 2019, since the Ministry of Finance has stipulated that a car loan business with a car insurance business must operate under a personal loan business license under the supervision of the Bank of Thailand according to the notification of the Ministry of Finance regarding activities that require permission under Clause 5 of the Declaration of the Revolutionary Council No. 58 (on supervised personal credit) (No. 30) effective since 1st February, 2019, both existing and new credit service providers show more interest in entering the industry competition. These entrepreneurs have joined together in the name of the trade association of the car loan business to jointly discuss the ways of doing business for the benefit of all stakeholders.

Besides, the Ministry of Finance has issued a business license under the provincial retail credit license under the supervision of a small car registration mortgage company in the form of a company with financial inclusion to create clear and transparent business. The operations under supervision make the existing entrepreneurs, both financial and non-financial institutes, new entrepreneurs including entrepreneurs providing motorcycle leasing loans, insurance company, communication service providers, and other consumers for goods businesses that are turning their attention to become more competitive in the car loan and retail loan industry.



However, in the year 2019, the entrepreneurs have started to develop competitive strategies which can be distributed as follows:

1. Competition by offering different credit products

Due to fierce competition, retail credit operators are trying to be differentiated by offering new credit products or existing credit products that each expert has special expertise to maintain their customer base and occupy new customers such as expansion of mortgage registration pledge products to small business loans, mortgage pledge of title deeds, group loans, or personal loans to private employees receiving salaries through their banks, etc.

2. Competition with technology

New entrepreneurs, both financial and non-financial institutes which do not have the potential to expand branches or different target customers may focus on approaching customers by using technology and data analysis in the competition. Such as lending through the phone applications or merging with technology and communication service provision businesses to obtain information about the target customer groups, etc. However, the Company did not ignore the competition with technology but has begun to use technology to improve the customer experience management service to provide greater convenience and transparency in service provision. By offering mobile application of “Muangthai Capital 4.0”, customers can download to use for checking outstanding balances and other services. However, the Company is in the process of further development on the above application to create more value to support fierce competition in the industry.

3. Competition with prices and services

At present, competition in the industry has not yet entered into price competition although during the year 2019, some operators may

have reduced or changed interest rates. The Company considers that it is only to improve business operations under the rules governing entrepreneurs in the industry instead. Therefore, the nature of competition in the industry during this year is still the primary service competition. However, once the competition has entered a price competition, the Company foresees that the major operators have a competitive advantage due to lower costs, more massive customer bases, and potentially internal risk management that is more effective in maintaining debt quality. Thus, it can reduce interest rates to compete. However, the Company has already charged interest rates which are lower than the industry mean.

Competitive strategies of the Company.

The Company’s competitive strategies are as the slogan “Intimate services like closed family members” consisting of the following policies.

1. Providing convenient and fast service

The critical competitive strategy of retail loans is the speed in providing services to customers to respond to customers’ need for money quickly and on time. Therefore, the Company has a tight credit approval procedure allowing customers to know the result of approval and the payment can be made within 20 minutes. The Company still emphasizes the strict credit approval process.

2. Attentive and friendly service

The quality of service is considered as an essential part of the Company’s business operations. Therefore, the Company focuses and pays attention to provide excellent services to customers. Every employee of the Company receiving regular service training.

Employees can provide services to customers with politeness, humility, and friendliness, as the Company's slogan is "Intimate services like closed family members". As a result, the customers continually return to use the Company's services as well as recommending other people to come to use the Company's services. The Company also focuses on raising 5 values for employees which are Morality, Exertion, Perspective, Harmony, and Discipline.

3. Debt collection with efficiency and respect for the human rights of customers.

The business experience in providing car registration loans and personal loans makes the Company executives to understand the behaviors and characteristics of customers well. The Company can specify the credit approval process, credit limit, including the debt collection process that is effective and suitable for the customers. The Company has also set up "MTC Model" of full-range debt management which includes debtor quality, debt collection ability, and debt management capability. MTC Model is an essential tool for the Company in controlling the debtors to be in the criteria specified by the Company.

4. The service channels cover most areas of the country.

The company has branches to provide services to customers covering most of the country areas including the north, east, west, central, northeast and south. As of 31st December, 2019, the Company has a total of 4,107 branches. The customers can contact, request to use the services, and pay installments at all branches of the Company. This can facilitate customers in using the Company's services resulting in the Company being able to expand the customer base continuously.

General information

Company's name

Muangthai Capital Public Company Limited

Type of business

Non-Financial institution performing supervised personal loan business, supervised career loan business, and land title deed loans (Microfinance)

Head office location

32/1 Charansanitwong Road, Bang O, Bang Phlat, Bangkok 10700

Company registration number

Plc. No. 0107557000195

Homepage

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Company's secretary

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Auditor

Miss Rachada Yongsawadvanich
Certified Auditor No. 4951
EY Office Company Limited
33rd Floor, Lake Ratchada Building 193 / 136-137
Ratchadaphisek Road Khlong Toei, Bangkok 10110
Telephone: 0-2264-0777

Assets used in the business operation

The Company's investment in the subsidiaries

According to the information on 31st December, 2019, the Company has the investments in the subsidiaries by holding the shares of 10% or more of the total issued and paid-up shares as follows:

No.	Name of company	Location	Type of business	Authorized capital (million baht)	Paid-up Capital (million baht)	Number of issued and sold shares	Number of hold shares	Share-holding ratio (%)	Type of shares
1.	Muang Thai Leasing Insurance Company Limited	Bangkok	Broker	2	2	20,000	19,998	99.99	Ordinary shares
2.	Muang Thai Leasing Company Limited	Bangkok	Leasing	20	20	200,000	199,997	99.99	Ordinary shares

Revenue structure of the Company

Regarding the operational performance of the year 2019, the Company received interest revenues accounting for 93.60 percent of total revenues with the following details:

Type of revenues	2019		2018		2017	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Interest revenues and fees on loans service provision						
- Land and vehicle registration loans	9,603.50	75.69	8,096.29	77.73	6,116.56	81.87
- Personal loans	2,270.96	17.90	1,448.02	13.90	678.36	9.08
- Leasing loans	5.23	0.04	-	-	-	-
Total interest revenues and fees on loans service provision	11,879.69	93.63	9,544.31	91.63	6,794.92	90.95
Fees and service revenues 1).	723.22	5.70	796.38	7.64	642.03	8.59
Other revenues 2).	85.02	0.67	75.77	0.73	34.04	0.46
Total revenues	12,687.93	100.00	10,416.46	100.00	7,470.99	100.00

Notes: 1) Fee revenues consist of fines, collection fees, and brokerage fees from MTLI insurance sales.

2) Other revenues include information service revenues from insurance companies, profit from property sales, car confiscation damage costs, interest revenues, etc.

Sources and uses of Capital

As the Company's business is to provide credit services, the source of capital is therefore considered a vital Supply Chain in the Value Chain of the Company. The source of funds and the management of the Company's capital must be exercised carefully in order to prevent the Company from having to burden the financial cost excessively along with maintaining the stability of the Company's liquidity to be appropriate at the same time.

The primary sources of capital of the Company are capitals and liabilities which consisting of loans from financial institutions, where available credit line as of 31st December 2019 is 8,670 million baht, and the issuance of debentures to major financial institutions and investors. However, in the year 2019, the Company issued the first PO (Public Offering) in February in order to expand the capital base of the Company to be even stronger to support future business growth.

In addition, in 2019, the Company received the upgraded rating for the issuance of unsubordinated and unsecured debt securities by TRIS Rating Co., Ltd. from BBB to BBB+. This led to positive impact on the Company's funding through the bond market both against the cost of debenture offering and the size of the market that supports long-term loans, and the debentures have a repayment period between 18-48 months. However, the Company believes that the average loan duration ratio is appropriate to liquidity risk management of the Company.

As of 31st December, 2019, the detail of capitals and bond issuance information is declared per follows;

Securities of the Company

Authorized and paid-up capital as of 31st December, 2019

✔ Authorized capital	2,120,000,000.00 baht
✔ Paid-up capital	2,120,000,000.00 baht.
✔ Type of Shares :	Common stock



Information on the Company's debt offering

In the year 2019, the Company issued and offered to sell the debentures to the general public for the first time with the objectives to be used in the business as working capital and to repay loans or debts from the issuance of debts.

The total value of the debentures has not yet been redeemed was 35,313 million baht. All of which are unsecured debentures with the following details:

No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
1	Debentures of Muangthai Leasing Public Company Limited No. 1/2017, due for redemption in 2020	10/2/2017	10/2/2020	2,600.00	3.70	Offered to institutional investors and / or big investors
2	Debentures of Muangthai Leasing Public Company Limited No. 2/2017, Series 3, due for redemption in 2020.	26/5/2017	26/11/2020	1,930.00	4.20	Offered to institutional investors and / or big investors
3	Debentures of Muangthai Leasing Public Company Limited No. 3/2017, due for redemption in 2020.	7/7/2017	7/7/2020	110.00	3.60	Offered to no more than 10 investors
4	Debentures of Muangthai Leasing Public Company Limited No.4/ 2017, due for redemption in 2020.	8/8/2017	8/8/2020	800.00	3.70	Offered to no more than 10 investors
5	Debentures of Muangthai Leasing Public Company Limited No. 5/2017, due for redemption in 2020.	18/8/2017	18/8/2020	100.00	3.60	Offered to no more than 10 investors

No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
6	Debentures of Muangthai Leasing Public Company Limited No. 6/2017, Series 1, due for redemption in 2020	31/8/2017	31/8/2020	1,947.20	3.60	Offered to institutional investors and / or big investors
7	Debentures of Muangthai Leasing Public Company Limited, Time 6/2017, Series 2, due for redemption in 2021	31/8/2017	31/8/2021	1,295.80	4.00	Offered to institutional investors and / or big investors
8	Debentures of Muangthai Leasing Public Company Limited No. 7/2017, due for redemption in 2020.	18/10/2017	6/10/2020	1,250.00	3.63	Offered to no more than 10 investors
9	Debentures of Muangthai Leasing Public Company Limited No. 1/2018 Series 1, due for redemption in 2021.	28/2/2018	28/2/2021	2,000.00	3.70	Offered to institutional investors and / or big investors
10	Debentures of Muangthai Leasing Public Company Limited No. 1/2018 Series 2, due for redemption in 2022.	28/2/2018	28/2/2022	1,000.00	3.95	Offered to institutional investors and / or big investors
11	Debentures of Muangthai Capital Public Company Limited No. 2/2018, Series 1, due for redemption in 2021.	19/7/2018	19/5/2021	1,833.00	3.85	Offered to institutional investors and / or big investors



No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
12	Debentures of Muang Thai Capital Public Company Limited No. 2/2018, Series 2, due for redemption in 2022.	19/7/2018	19/7/2022	1,564.00	4.10	Offered to institutional investors and / or big investors
13	Debentures of Muang Thai Capital Public Company Limited No. 3/2018, Series 1, due for redemption in 2021.	2/11/2018	2/11/2021	1,697.50	4.10	Offered to institutional investors and / or big investors
14	Debentures of Muang Thai Capital Public Company Limited No. 3/2018, Series 2, due for redemption in 2022.	2/11/2018	2/11/2022	1,515.50	4.30	Offered to institutional investors and / or big investors
15	Debentures of Muang Thai Capital Public Company Limited No. 1/2019 Series 1, due for redemption in 2022.	22/2/2019	28/2/2022	1,650.30	4.10	Public offering (general investors and /or institutional investors)
16	Debentures of Muang Thai Capital Public Company Limited No. 1/2019, Series 2, due for redemption in 2022.	22/2/2019	2/11/2022	2,349.70	4.30	Public offering (general investors and /or institutional investors)
17	Debentures of Muang Thai Capital Public Company Limited No. 2/2019, due for redemption in 2022.	26/2/2019	28/2/2022	500.00	4.10	Offered to institutional investors

No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
18	Debentures of Muang Thai Capital Public Company Limited No.3 / 2019, due for redemption in 2022.	19/6/2019	30/6/2022	270.00	3.20	Offered to no more than 10 investors
19	Debentures of Muang Thai Capital Public Company Limited No. 4/2019, Series 1, due for redemption in 2021.	11/7/2019	11/7/2021	1,200.00	3.40	Offered to institutional investors
20	Debentures of Muang Thai Capital Public Company Limited No. 4/2019, Series 2, due for redemption in 2022.	11/7/2019	11/7/2022	2,043.30	3.80	Public offering (general investors and /or institutional investors)
21	Debentures of Muang Thai Capital Public Company Limited No. 4/2019, Series 3, due for redemption in 2023.	11/7/2019	11/7/2023	1,756.70	4.00	Public offering (general investors and /or institutional investors)
22	Debentures of Muang Thai Capital Public Company Limited No. 5/2019, due for redemption in 2021.	12/7/2019	23/7/2021	200.00	3.01	Offered to no more than 10 investors
23	Debentures of Muang Thai Capital Public Company Limited No. 6/2019, due for redemption in 2023.	22/7/2019	14/7/2023	500.00	3.70	Offered to institutional investors



No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
24	Debentures of Muang Thai Capital Public Company Limited No. 7/2019, due for redemption in 2022.	9/8/2019	8/8/2022	200.00	3.19	Offered to no more than 10 investors
25	Debentures of Muang Thai Capital Public Company Limited No. 8/2019, due for redemption in 2021.	15/8/2019	13/8/2021	500.00	3.00	Offered to institutional investors
26	Debentures of Muang Thai Capital Public Company Limited No. 9/2019, due for redemption in 2021.	19/8/2019	19/8/2021	500.00	2.96	Offered to institutional investors
27	Debentures of Muang Thai Capital Public Company Limited No. 10/2019, Series 1, due for redemption in 2021.	14/11/2019	14/11/2021	1,000.00	2.80	Offered to institutional investors
28	Debentures of Muang Thai Capital Public Company Limited No. 10/2019, Series 3, due for redemption in 2023.	14/11/2019	14/11/2023	500.00	3.45	Offered to the general public (General investors and / or institutional investors)
29	Debentures of Muang Thai Capital Public Company Limited No. 10/2019 Series 2 due for redemption in 2023.	14/11/2019	14/2/2023	1,500.00	3.40	Offered to the general public (General investors and / or institutional investors)

No.	Name of debenture	Date of debenture issuance	Due date of debenture redemption	Amount of money (Million baht)	Interest rate (%)	Type of Offering
30	Debentures of Muang Thai Capital Public Company Limited No. 10/2019, Series 4, due for redemption in 2023.	25/11/2019	25/2/2023	1,000.00	3.40	Offered to institutional investors
The total net worth		35,313.00				

The value of the bills not yet being redeemed was in a total of 947 million baht. However, the bills have the due payment in the period of no more than 270 days without collateral.

Shareholding structure

List of the top 10 major shareholders as of 8th November, 2019

No.	Name	Total Shares	%
1	Mrs. Daonapa Petaumpai	720,000,000	33.962
2	Mr. Chuchat Petaumpai	710,056,400	33.493
3	Thai NVDR Company Limited	112,051,579	5.285
4	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	56,608,700	2.670
5	STATE STREET EUROPE LIMITED	53,702,163	2.533
6	CITI (NOMINEES) LIMITED-CITIBANK LONDON RE FUND 208	28,478,400	1.343
7	Mrs. Kwanta Wetwarut	14,293,500	0.674
8	Krungsri Dividend Stock Long Term Equity Fund	13,764,400	0.649
9	SCB Long Term Dividend Stock 70/30	13,591,100	0.641
10	Thai Life Insurance Public Company Limited	12,841,400	0.606

Note : 1. Mr. Chuchat Petaumpai is the Company's director and the Chairman of the Executive Committee
2. Mrs. Daonapa Petaumpai is the Company's director and the Managing Director

Section 2 Risk Management and Risk Factors

Policy and framework for risk management

The Company attaches great importance to risk management by defining risk management policies and establishing business strategy of the Company considering various risk factors as well as creating risk management to be part of the corporate culture. This can enable businesses to grow, generate returns, and maximize sustainable benefits for all stakeholders. In this regard, the Company has established a risk management structure to be accepted following the international principles defining the duties and responsibilities of the Risk Management Committee and the risk management agency to clearly perform functions independently.

The Company adheres to the Risk Management Framework following the international standards of COSOERM risk management principles consisting of a comprehensive guideline covering all 8 components as follows:

1) Regarding the internal environment to instill the right internal control environment, the Company has monitored as follows:

✔ The Board has approved the establishment of risk management and legal department as well as assigning the risk to be under control and at an acceptable level.

✔ The Board has set and revised the risk management manual, good corporate governance policy, Company's ethics, business ethics, policies of the Company including the operational procedures to provide a framework for business management and risk management in the organization. It must also communicate with the executives, employees, and relevant stakeholders to know and to comply with the policy.

2) Defining objectives

✔ Business objectives are clearly defined to guide the business along with risk management strategies to reduce the chance of failure.

✔ In determining that objective, both the Board of Directors and the employees must have a common understanding of the goals that the Company expects in the long term. The strategies for achieving goals include short-term goals and operational goals that will result in long-term goals. The risk rates that the company can accept must be clearly explained and must be communicated to all relevant parties in the Company.

3) Risk identification

✔ The risk management and legal department are responsible for recognizing and identifying business risk. The Company uses a variety of tools in this risk identification process such as brainstorming during internal meetings between various parties, SWOT analysis, hypothesis analysis, workshops, comparison with industry including listening from stakeholders.

✔ Risk is defined as the risk of a threat or risk likely to be just as vulnerable to the uncertainties of the Company. The Company must estimate the impact or size of the risk in the next risk assessment process.

4) Risk assessment

✔ The priority of each risk depends on the probability and magnitude of the impact of each risk. The risk rated as a risk rating of

“high” and “very high” will be closely monitored by the Department of Risk Management, Legal and Risk Management Committee.

✔ Results from crucial risk assessments will be recorded as data for internal and external communication. The sufficient information is appropriate and will be beneficial to the decision of the management and the Board to recommend ways to limit, reduce, or eliminate risks.

✔ The Company will periodically review risk assessments to reflect new risks and new steps to reduce risks.

5) Risk response

Under the acceptable risk rates, the risk response treatment can be clarified as follows:

✔ Avoiding risks: Eliminate incidents that lead to risks.

✔ Risk Reduction: Operate control to reduce the risk to be within the acceptable risk rate of the company.

✔ Risk sharing: More than one stakeholder group shares both risks and returns through various methods.

✔ Acceptance of risk: Management decides to accept the loss or deviation from the target from the effect of risk.

6) Risk control activities

The Company has a strategy to control risk prevention and detection of errors that occur to avoid and reduce risks.

✔ Risk preventing activities: It is to stop incidents before occurring and using internal controls to avoid them.

✔ Risk discovering activities: It is to identify adverse events that occurred and alert management about the account of what happened that helps the management taking corrective action immediately.

7) Communicating and instilling the culture of risk in the organization.

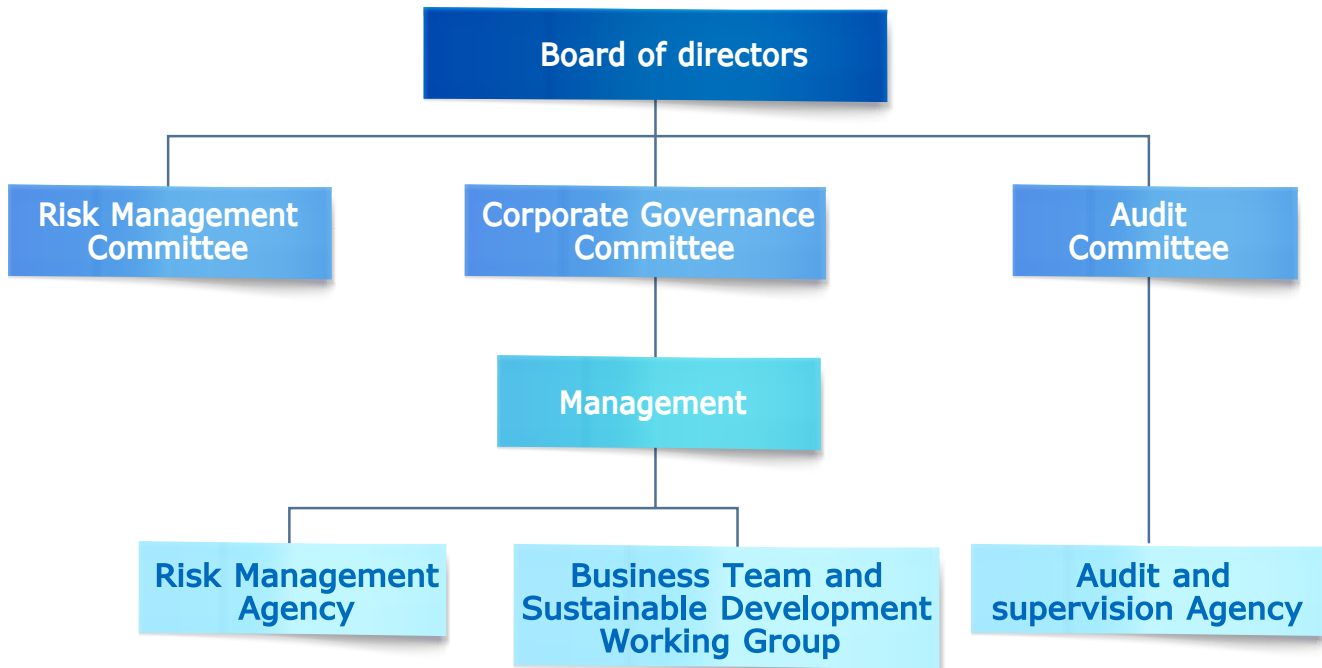
Information technology is one of the most essential and powerful tools for successful and complete internal and external risk communication accurately, timely, and sufficiently for the Board of Directors and the management to make the decision and for the employees to be aware and able to follow. The Company, therefore, attaches great importance to information technology and security systems. The policy of data security and information security has stipulated. The Company has invested in the installation of SAP systems and other operating systems for data management in the organization. Besides, the Company employs a global information system auditor to perform an annual audit of the Company's information and security systems to report to the Audit Committee and the Board of Directors.

8) Risk monitoring

The meetings between the Risk Management Committee and the Risk Management Department and the Legal Department are held at least once a quarter for ensuring that the risk management and risk control systems are sufficient, appropriate, and implemented efficiently.



Risk management structure



Board of Directors/Risk Management Committee/Corporate Governance Committee/Audit Committee

The Board of Directors, the Risk Management Committee, the Audit Committee, and the Corporate Governance Committee jointly determine, review, and approve targets, risk management policy, and scope of risk appetite as well as the sustainable development to cover all three areas; impact on the economy, society, and environment (ESG). The guidance on operations is made by listening to opinions from stakeholders to create materiality issues along with establishing a framework for risks management including Megaforce risks. After that, the structure and responsible person are determined for risk management including monitoring the supervision work.

Risk Management Department

The Risk Management Department has the duties and responsibilities to collect, assess, comment, monitor, and report business-related risks to relevant departments, executives, and the Board of Directors. The strategies are planned to find the ways to control the risks at the risk appetite.

Regulatory agencies and internal audit department

The regulatory agencies and internal audit department are responsible for performing the operation with independence to directly report to the Audit Committee and the management with the responsibility in evaluating and improving the efficiency and effectiveness of the risk management process, internal control, and corporate governance.

Business agencies with Sustainable Development Working Team

The Sustainable Development Working Team consisted of representatives from various business units that are relevant to all groups of stakeholders of the Company such as Human Resources Representative, Investor Relations Department, Company's Secretary Department, Marketing and Customer Relations (Administration), Purchasing, Finance, and Information Technology. Every department is responsible for establishing strategies for risk management and performing the operation following the Company's sustainable development goals.

Risk factors and risk management processes

1. Risk Operations

1.1 Risks from employee's fraud

The Company's credit service is a loan service for retail customers with a low average credit limit per contract. The average credit of the Company is around 20,000 baht per contract. Besides, the Company also has the policy to supervise large receivables (Single Lending Limit) that the credit limit is not over 400,000 baht per contract and not more than 510,000 baht per customer and the decentralized management policy. The management policy of decentralization to more than 4,107 branches nationwide can perform the operation quickly and efficiently and be able to compete with other operators. However, the Company is aware of the possibility of employee's fraud. The Company has, therefore, put in place strict measures to prevent damages that may occur from employee's fraud. Whether it is determining the internal control system or the introduction of the SAP operating system to increase operational efficiency and reduce fraud risk. In the year 2018, the Company has provided additional whistleblower channels for employees and other interested parties to participate. It can report if there is a suspicion of fraud. If the employee is found to be dishonest, the Company will take the said employee to be responsible for the damage and immediately dismissed. Besides, the Company has measures to prosecute employees for corruption both in civil and criminal cases.

Risk management process on employees' fraud

The Company has formulated the guidelines for monitoring and evaluating the risks and guidelines for the prevention of fraud and corruption as follows:



1) The Internal Audit Department reviewed the risk management and internal control processes for sufficiency, appropriateness, efficiency, confidence, and transparency in business operations to be proposed to the Audit Committee and implemented as guidelines. This process is the risk Preventive Control.

2) The Company introduced technology such as operating systems, SAP, and CCTV installation. The technology is used as a risk Detective Control.

3) The internal audit department monitors the compliance, random checks and customer contact, monitors, evaluates, and proposes the fraud prevention to the Company's management along with reporting to the Audit Committee following the reporting round.

4) Regularly inspecting contracts, supporting documents for loans, cross-branches cash counting, and reporting suspicion to the supervisors, respectively.

5) The employees and stakeholders are allowed to notify any suspicion of fraud through whistleblower channel of the Company as it disclosed on the Company's website. The Company ensures that the whistleblower will be protected following the Company's complaining policy.

6) When having investigated possible causes of corruption, the Branch Business Department must investigate and report to the management to determine the punishments according to the facts found.

7) Training new employees on anti-corruption policies including penalties. The

communication should be made with all employees for acknowledgment and review periodically on the operational guidelines set by the Company to prevent fraud through various communication channels of the Company.

However, on 18th October, 2019, the Company was certified as a member of the Collective Action Coalition: (CAC).

1.2 Risk of shortage of human resources.

The Company has established guidelines for monitoring and assessing risks. The formulation of guidelines for the implementation of guidelines for reducing human resource shortage risks are as follows:

1) The Company provides employees with appropriate, fair, and consistent benefits for both the short-term and long-term.

2) The Human Resources Department conducts a staff satisfaction survey to understand the factors that have positive and negative impact on employee satisfaction on the organization regularly. The survey data will be used to improve strategies or action plans to maximize benefits.

3) The Company provides internal communication channels, both online and offline for the employees to communicate directly with employees. Besides, the employees can communicate with the supervisors or executives and the executives or supervisors can communicate with the employees thoroughly through communication channels according to the Technology Project linking us together and consisting of MTC University Digital Learning Platform and MTC Forum Digital Platform. Moreover, there are also

monthly journal of **“Muangthai Samphan”** both in the form of book and an e-book stored in the MTC University Digital Forum that all employees can access. The content in the journal focuses on policy communication from the executives, messages that the executives want to communicate to employees, share employee care, and debt collection experience, knowledge, news including changes in marketing and industry competition.

4) The Company arranges training for the potential development of employees thoroughly and sufficiently to achieve the Company’s goals or objectives sustainably. As the Company realizes that creating job opportunities and motivation will help increasing the potential of employees and in the end it will increase the Company’s long-term interests, the Company has to prepare the employees to advance and secure their careers through the Company’s training program as detailed in the personnel development policy.

5) As teamwork is the main organizational culture, the Company has applied a 360-degree assessment to assess the ability and potential of the employees with the objectives in achieving a transparent, fair, and independent evaluation. Besides, the Company also arranges an exit interview for employees to gather in-depth information about factors and the environment that affect an employee’s decision to resign.

6) The Company encourages diversity in organizations respecting human rights without discrimination in all end-to-end processes.

1.3 The risk of not being able to keep track of seized collateral.

The Company’s main business is to provide car registration loans. The customers have to use motorcycles, cars, or agricultural vehicles that they own as collateral for loans without having to register the ownership transfer. The Company can seize the vehicle as collateral from the customers for public auction through the Company’s auction center if the client defaulted on payment. However, since the guarantee is an asset that can be easily moved, it may be challenging to track and secure the collateral. If the Company cannot track the said collateral, it will directly affect the financial status and operation performance of the Company.

Risk management process from failure to monitor collateral confiscation

1) To reduce the opportunity for the Company not to be able to track the collateral, the Company, therefore, determines the qualifications of the customers who want to apply for the Company’s credit to have domicile or have a workplace in the area of the branch that requests to use the service. In case of having a residence in different regions, a third party must be a guarantor. This is for branch loan employee to be able to check the accuracy of customer address information and be able to carefully and thoroughly monitor customers.

2) Building an extensive branch network through branches and employees spread nationwide is another mechanism that the Company uses to collect the debt and confiscate collateral assets in the event of asset movement.

1.4 Risk from sale of property that was confiscated

Regarding the process of selling an asset seized after a customer has made a default payment for that debt, the Company will arrange the auction through the auction center under the supervision and management of the company. There are currently in 6 locations; Phitsanulok Auction Center, Ayutthaya Auction Center, Chonburi Auction Center, Khon Kaen Auction Center, Nakhon Ratchasima Auction Center, and Ratchaburi Auction Center. However, the Company has a risk that asset evaluation may cause losses if the asset auction price is lower than the outstanding receivables which directly affects the Company's operational performance.

Risk management process from the sale of seized property

1) The company pays attention to the credit limit or LTV to be suitable and correspondent with the car type, car model, popularity, and the condition of assets used as collateral. The credit schedule will be reviewed regularly or when there are significant events.

2) The operation at the auction center is another mechanism that the Company has improved and developed to provide sufficient and suitable demand for the supply of assets being auctioned with the objective of selling to get the auction price of the property and to maximize benefits to all stakeholders. If the auction center can sell assets more than debts, the company will return the difference to the customer.

2. Financial risk

2.1 Risk from insufficient fund financing and liquidity risk

The continuous business expansion is a factor that makes the Company necessary to find additional funds or incur more debts in the future to support the development. This poses

a risk of insufficient financing and lack of liquidity in the future. Therefore, aside from loans from banks or financial institutions, the Company is still trying to find funds from other sources, taking into account the financial structure, benefits, and impacts of shareholders and all groups of stakeholders.

Risk management process from insufficient funds and lack of liquidity

1) In the year 2019, the Company issued its first subordinated and unsecured debentures to the public (Public Offering) for the first time. In the first round, the Company offered debt securities to the people in the amount of 4,000 million baht in February, 2019 and the second one in the amount of 5,000 million baht in July, 2019. The offering of bonds to the public is a process to reduce the risk from insufficient funding and the Company's lack of liquidity helping the Company increasing access to significant capital sources where the Company can control risks in the future.

2) The Company has managed the bills of exchange (short-term debt securities) issued by the Company to have a credit limit from a reserve financial institution sufficiently for supporting the value of the law of trade. In the event that the currency exchange market fluctuates, the Company will be able to find funding from other sources immediately.

3) The Company has managed the ratio of long-term liabilities (contract period of more than one year) and short-term debt (contract period of less than one year) to have a long-term debt ratio higher than short-term debt to prevent lack of liquidity and sufficiently for supporting the Company's rapid growth.

2.2 Risk from interest rate fluctuations

The Company has primary income of interest from loans which is a type of interest charged at a fixed rate while the borrowing costs of the Company and interest rates depend on market fluctuations at the time of borrowing. If there

are many fluctuations, it will result in higher interest rates on loans. While the Company has not yet adjusted the interest rates, it will affect the ratio between interest rates and interest expenses to decrease.

Risk management process from fluctuations in interest rates

1) The Company manages interest rates on loans from banks by distributing loans to both Thai and foreign banks. In this regard, the credit limit distribution allows the Company to select loans from banks that provide an appropriate interest rate to maintain a consistent ratio between interest rates and interest payments.

2) The Company can enter into interest swap contracts to reduce the risk of market fluctuations.

2.3 Credit risk and asset quality

The credit approval process of the Company largely depends on the value of assets that the borrowers provide as collateral.

Credit risk management and asset quality risk management processes

1) The Company provides an update of the market value database of assets in the data operating system used by the Company's branches nationwide. The market value information of the said assets is compiled from the auction results of the assets that are being auctioned through all 6 auction centers of the Company at least twice a year to reduce the Probability of Default) and maintain the amount of money that will be repaid at the recovery rate.

2) The Company maintains a loan-to-value ratio at approximately 50 percent. Because the value of the loan related to the collateral value is too high, the borrower will choose to discard the assets that are collateral and highly cause bad debts.

3) The Company focuses on providing loans to retail customers which is considered a small investment and spreading the risk of lending both geographically through branches throughout the country. In terms of credit products and in terms of customer base both with regular income and without fixed income, it is distributed in many industry groups. This is to prevent the Concentration Risk that may cause increased credit risk.

4) The Company aims to develop the market conduct of the whole industry to be fair and transparent under the supervision of the Bank of Thailand. The Company, therefore, has an interest reduction structure following the Act without complicated fee structure. The interest rates are low compared to the industry and focus on transparent communication with customers. The mentioned strategy will encourage customers to maintain their credit with the Company so that the customers can have easy access to a source of loan that is fair and transparent in the future.

5) Apart from determining the market value of assets used by the borrowers as collateral, the Company also considers repayment behaviors from the Company's database, the ability of debt repayment through additional inquiries (BestEfforts Basis), and guarantors if the loan value is high or the borrower does not reside in the same location used in considering the loan approval.

6) The Company operates an auction of the assets that the borrowers use as collateral for their loans through all 6 auction centers of the Company. However, the Company pays attention to manage the auction center to be an efficient and transparent auction. This can help reducing the amount of bad debt and is a tool to maintain the amount of money to be repaid from the Company's recovery rate for maximum effectiveness.

7) The Company continues focusing on the management of non-performing loans and control the risk of asset quality by

maintaining the ratio of allowance for doubtful accounts to non-performing loans (Coverage Ratio) continuously according to the target set by the Company. As of 31st December, 2019, the ratio of allowance for doubtful accounts to non-performing loans of the Company was 275.80 percent which was considered sufficient compared with the calculation by the TFRS9 standard. Besides, the Company also prepared the Vintage Analysis regularly to assess and monitor the Company's credit risk closely.

8) The Company instills knowledge and understanding of risks as part of the corporate culture as well as the discipline of employees in debt collection operations. The Company uses KPI in terms of asset quality or credit that employees give customers as a critical performance indicator instead of using credit as in the industry. The use of such indicators makes the average NPL ratio lower than the sector NPL average.

9) The Company is committed to develop and improve the payment methods for customers to be convenient and quick for paying the installments. At present, the Company's customers can pay by installment payment channels as below;

- ✔ Pay through more than 4,107 branches nationwide (Free of charge)
- ✔ Pay through the counter service for 24 hours a day.
- ✔ Pay through every branch of Tesco Lotus
- ✔ Pay through Big C And every Mini Big C branch
- ✔ Pay throughh Airpay counters or Airpay application.
- ✔ Pay through ATM of all banks.
- ✔ Pay through Kasikorn Bank's Mobile Banking K-Plus Application

3. Market risks

3.1 Domestic economic condition

3.1.1 Drought situation

In 2019, Thailand was affected by the El Nino phenomenon, resulting in the drought in Southeast Asian countries and regions. The water levels in the dams around the country go down as close to the water levels in the dam of the year 2015 which was the worst drought in 20 years. From 36 dams across the country, 9 dams were found to have low water levels at critical state in the northeast, central, and northern regions.

Such situation directly affects the agricultural activities and production and the income of the farmers which are the key customers of the Company and is the negative factor to the quality of the Company's assets.

3.2 Oversea economic conditions

3.2.1 Uncertain situations in trade policies of the United States and China

As the trade war between the United States and China continues to prolong, it results in the predictions of the economic growth of the two superpowers which will slow down next year. The will result in the economy of Thailand which cannot be avoided. In the year 2019, Thai economy began to slow down and the trend of growth was lower than estimated and lower than the potential level due to the significant decline in exports. It caused the Bank of Thailand to reduce its economic growth many times. The latest in December 2019 adjusted the Thai commercial growth rate to 2.5%, down from the beginning of the year 2019 at 3%. However, the global economy is expected to become more stable in 2020 after the United States and China reach the initial trade agreement.

3.2.2 Prolonged conflict political situation in Hong Kong

Prolonged and violent protests in Hong Kong to close the Hong Kong International Airport caused the economy of Hong Kong in the second half to slow down resulting in lower annual growth. In general, the impact has a direct negative effect on the Thai export sector since Hong Kong is the 5th most important trading partner of Thailand with the export proportion of 4.7% of the total export value. If the protests remain severe and continue until the end of the year, exports to Hong Kong are expected to lose around 1,000-1,400 million US dollars. As a result, the yearly export growth shrank by 9-12 percent. Most of the exports to Hong Kong are consumer goods as Hong Kong is the gateway to China.

Besides, the protest also affected investor confidence in the Chinese yuan causing the yuan to weaken against the Thai baht which may be a negative factor for exports to China more.

The contraction of export sector affects the domestic production laborers resulting in reduced incomes which may affect the quality of the Company's assets.

4. Risk of for data and information technology storage

In operating the business, the Company is necessary to collect data from important stakeholders, especially customers and employees. The data includes general and sensitive information. The Company strictly abides by the Personal Data Protection Act B.E. 2562 in data storage, disclosure, and use. However, the risk of data storage arises from the internal control systems for information technology security that must be concise and efficient. The

company has done its best to reduce the risk of loss and information leakage which may affect the reliability of the Company and may violate regulations governing personal data protection. The Company has disclosed the privacy policy and information technology security policy on the Company's website.

Risk management process for data and information technology storage

1) The Company has appointed external experts to be auditors of information technology systems (IT Auditor) responsible for assessing the adequacy of internal controls and risk management in information technology systems by directly reporting to the Audit Committee and the Risk Management Committee.

2) The Company has set up a system to prevent information leakage from external attack or computer virus by installing network security software (Firewall).

3) The Company has stipulated the determination and improvement of the authorization to access the data in order to prevent the data leakage which may be caused by internal personnel.

4) The Company has set up a backup plan as well as checking the data backup to ensure and follow the Information and Information Security Policy.

5) The Company provides internal communication to raise awareness and instill the appreciation of the correct and accurate use of technology for employees such as not downloading illegal programs or not opening emails of unknown origin, etc.

6) The Company has prepared an Information Security Guide and Business Continuity Management Plan (BCP) to prevent and cope with business interruption caused by threats to information system operations.

5. Risk from changes in rules, regulations or operations and accounting standards

5.1 Risk of changes in laws and regulations

At present, the main business of the Company is the provision of car title loans with a personal loan business license under the supervision of the Bank of Thailand valid from 1st February, 2019. Besides, the Company also provides personal loans that are secured under the same license and supervised retail loans. Almost all of the Company's main business are under the supervision of the Bank of Thailand. There are requirements regarding rules, procedures, and conditions for conducting personal loan business for non-financial business operators such as the qualifications of the service provider, setting credit limits, setting interest rates, fees, and reporting data to the Bank of Thailand, etc. This can ensure fairness and transparency to the credit service users or borrowers. The Company has strictly complied with the mentioned regulations. However, in the future, if the Bank of Thailand has amended or issued additional rules regarding the provision of personal loans and retail loans for business operations due to a significant trend of the growth of household debt in Thailand, the Bank of Thailand tries to issue various measures to solve household debt problems such as determining LTV for housing loans or determining the Debt Service Ratio (DSR) including actions to take care of credit card and personal loans under the supervision of the Bank of Thailand. The Company may have to adjust operations to comply with such regulations possibly affecting the Company's operations.

5.2 Risk from accounting standard change

The accounting standards in Thailand have been developed following the international accounting standards throughout the time and it is expected that this development will occur gradually in the future. However, such risk is a risk that the Company can assess in advance including the size of the impact for the Company to manage the results from the possible risk.

Risk management process due to changes in operational rules and accounting standards

As the Company realizes the importance of legal risks, the Risk and Legal Management Working Group has been elevated to be the Risk Management and Legal Department with the responsibility to closely supervise and manage various risks including legal risks. Moreover, in 2019, the Company established a Compliance Department to be responsible for supervising and monitoring the Company's operations following the framework of relevant rules and regulations. In this regard, the risk management and legal department, the supervision department, and the internal audit department must work independently and report to the executives, the Risk Management Committee, and the Audit Committee regularly.

6. New risks possibly occurring in the future

6.1 Cyber Security Risk

The advanced technological development has made cyber threats a threat that affects all sectors, both economic and national security. This is the same situation as in the financial industry, financial institutions, and various financial service providers. These risks create higher levels of severity both in terms of the probability and magnitude of the effects which may occur in changes that are more difficult to prevent or detect-steadily rising. Although the operations and business forms of the Company still focus on the use of branches, concrete collateral, and mainly transactions in cash, the main operating system that the Company uses for recording important customer information, management and administration are in the digital form. Therefore, there is a significant digital risk or cyber threat.

Risk management process from cyber threats

1) The Company has established measures to prevent and detect threats by providing channels for whistleblowing and communication channels with customers both online and offline so that the Company can detect cyber threats, ready to find prevention and timely solutions.

2) The corporate culture is created with the continuous awareness of cyber threats for the employees and customers of the Company as well as conducting an SMS checking via Phishing Scam to alert the risk through the Company's communication channels promptly to internal and external stakeholders.

6.2 Non-conventional Competitor Risk

Ever since the Bank of Thailand has enacted laws to regulate car loan business and provincial retail loans under the supervision of the Ministry of Finance, it results in small financial service providers, Fintech technology developers, including domestic and international financial institutions to be interested in the microfinance business and may create fierce competition in the industry. This includes the competition with technology, expanding branches, including expanding new microfinance loan products or even price competition in the future. As the Company is well aware of the changes, the strategies and operational plans are prepared and changed to be able to cope and compete in the industry.

Non-conventional Competitor risk management process

1) The Company has established a standard of service excellence including strict compliance with the regulations related to the provision of fair services to customers (Market Conduct) as a guideline for the Company to perform the operation as part of the employee performance indicator. In this regard, the Company's service excellence policy completely changes the pattern of competition in the microfinance loan industry by helping reducing the conflicts and unequal customer service. In addition, the emphasis on the service excellence of the company also results in the Snowball Effect which is considered an important marketing strategy of the Company.

2) Because the main customers of the Company is a motorcycle registration loan customer group which tend to use credit service center located near their home, the Company emphasizes the strategy of approaching customers first by expanding branches to the provinces, sub-districts and villages through more than 4,107 branches. The Company is considered the microfinance loan provider with the largest number of branches in the country. Besides, the Company also sees the potential for business growth through branch expansion.

3) In responding to the customer needs and approaching more customers, the Company has continuously expanded the credit products for retail customers. From before registering to the Stock Exchange of Thailand, the Company has only motorcycle registration loans, car title loan, agricultural vehicle registration loans, personal loans without collateral. After having registered to the Stock Exchange of Thailand, the Company has increased land title deeds and retail loans for occupations under the

supervision, respectively. In the year 2019, the Company expanded motorcycle hire purchase loans to existing customers with a good payment history. The Company believes that the new product will help accelerating the growth of the remaining loan portfolios and interest rates of the Company in the future. This also develops the Customer Loyalty that the customers have with the Company.

4) With the fair and transparent interest and fee rates under the Personal Loan Act under the regulation, the maximum interest rate is not more than 28 percent which is a factor driving the interest rate of new industries to fall from the past that is higher than 30 percent in the past. The interest rate charged by the Company has averaged approximately 22 - 23 percent over many years. In this year, the mentioned interest rate remains at the same level which is much lower than the maximum interest rate to ensure fairness with the Company's customers. The credit status and debt quality can be maintained to attract new customers from informal loan service providers including other service providers.

7. Risk from climate change

Climate change is a global situation that has direct negative effect on the economy, society, and environment. That effect intensifies. In Thailand, the climate is the main factor affecting agricultural production which is considered the primary source of income that drives the country's economy. According to the assessment of climate change in Thailand, the average temperature is likely to rise 1.5-2.0 degrees Celsius within the next 40 years. Therefore, it is very challenging for agriculture. With a majority of customers in agricultural sector, the Company is engaged in agriculture-related sector customers. Thus, climate change may result in reduced incomes for farmers. The demand for credit will be increase while the quality of the debt decreases.

Risk management processes from climate change

1) As the Company is well aware of the risk, the environmental policies have been implemented since 2018 intending to reduce greenhouse gases arising from direct and indirect business operations such as the construction of the new headquarters building which is a green building (LEED Certified).

2) The Company has expanded branches to various areas to reach a full group of customers such as growing branches in Bangkok to balance the customer base to customers who are not directly involved in the agricultural sector or do not have risks from climate change as much as farmers' groups.

8. Risk of shareholders

8.1 Risk from being controlled on the votes in the shareholders' meeting by a group of major shareholders

The major shareholders of the company are the Petaumpai family consisting of Mr. Chuchat Petaumpai and Mrs. Daonapa Petaumpai (the "major shareholder group") who share the same intention in exercising their voting rights to control voting rights or joint business control and have a relationship or typical behaviors according to the Notification of the Capital Market Supervisory Board No. ThorJor. 7/2552 on determining the nature of relationships or practicing responding behaviors as joint actions with other persons. The shareholding proportion is 67.45% of the total number of paid-up shares of the Company. The major shareholder group is also the authorized signatory director and executive of the Company. Therefore, the majority shareholder has the power to manage and control almost all significant votes except in legal matters or regulations of the Company. It has to be approved by the shareholders' meeting with a vote of not less than 3 in 4 of the number of shares attending the conference

and having the right to vote or in the case where the right to vote is in opposition. Therefore, other shareholders attending the meeting and having voting rights may not be able to gather votes to oppose or balance the administration of the major shareholder group.

Risk management process from the vote control in the shareholders' meeting by the major shareholder group

1) The Company has a management structure consisting of 5 sets of committees and sub-committees which are the Board of Directors, the Audit Committee (all are independent directors), Nomination and Remuneration Committee (all are independent directors), Risk Management Committee, Corporate Governance Committee, and Executive Committee with the specified scope of duties of the sub-committee and committee. Audit Committee and Nomination and Remuneration Committee consist of all independent directors who are experts with business management knowledge and understanding of financial statements and financial reports. Moreover, the duties are performed with independence resulting in contributing the operations of the committee and the sub-committee to be systematical, transparent, and auditable.

2) The Company arranges the compliance with the policy regarding related transactions with directors, major shareholders, or persons with controlling power in the business including persons who may have conflicts of interest. After that, the conditions will be compared with other third parties first and various items will be submitted to the Audit Committee for approval every year before being presented to the Board's meeting for approval in the next process. The persons with conflicts of interest do not have the authority to approve the transactions. Besides, the Audit Committee will monitor all related transactions every quarter by having the internal auditors to inspect and report to the Audit Committee.

Qualifications and definition 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. Being independent from managements and major shareholders of the Company and 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.

Section 3 Business Management and Corporate Governance

The Company has always adhered to business operations with ethics, morals, transparency, and fairness to all stakeholders of the Company. We aim to be the **“Responsible microfinance loan provider”** to the economy, society, and environment. Especially in this year 2018, the Company is well aware that the impact of the Company’s operation will be more critical to the economy, society, and environment. Therefore, the Company has improved its regulatory strategy to be a model for corporate governance in the microfinance loan industry. It can be seen from the effort to improve, change, and develop the corporate governance policy and the implementation of the proper corporate governance guidelines of the Stock Exchange of Thailand and Thai Institute of Directors (IOD). In 2019, it was a year of pride because the Company received the Corporate Governance Report of Thai Listed Companies 2018 rated **“Excellent”** (5 stars) for the second consecutive year. At the same time, the Company is also honored to receive an honorary certificate of **“Board of the Year for the year 2019”** which is an honor to the Board of the companies listed on the Stock Exchange of Thailand that can operate with efficiency and effectiveness concerning transparency and fairness to all stakeholders under the principles of good corporate governance. The contest is organized by the Thai Institute of Directors with 6 leading private sector organizations.

Moreover, the Company was also certified as a member of CAC officially on 18th October, 2019. It is an essential factor that helps strengthening the Company’s good corporate governance as well.

1. Management Structure for Corporate Governance

Structure of the Board of Directors

The Company requires the directors of the Company to comply with the code of best practices for directors of listed companies following the guidelines of the Stock Exchange of Thailand. The Board must understand and be aware of their roles, duties, and responsibilities and must perform their responsibilities under the law, objectives and regulations of the Company as well as the resolution of the shareholders’ meeting with honesty considering the benefits of the Company and key stakeholders. The Board of Directors sets policies for business goals, business plans, and company budgets along with directing review and monitoring of management to follow the procedure and specified direction with efficiency and effectiveness for the most benefit of the Company.

The structure of the Company’s Board of Directors consists of 5 committees and sub-committees, namely the Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee, Risk Management Committee, and Executive Committee which have all the qualifications under Section 68 of the Public Company Act B.E.2535 and related Capital Market Commission Notifications. The scope of power, duties, and responsibilities of the Company’s committees are as follows:

Board of directors and sub-committees

In the year 2019, in the 2019 Annual General Meeting of the Company which was held on 18th April, 2019, the shareholders of the Company appointed Mr. Seauksit Petaumpai as a director of the Company. Therefore, as of 31st December, 2019, the Board of directors has a total of 8 persons consisting of:

1.1 Determination of the structure of the Board of directors for good corporate governance

1) The Chairman of the Board is an independent director and should not be the same person as the Chairman of the Executive Committee and the Managing Director who perform their duties independently with the obvious separation of duties and responsibilities between each other.

2) The Audit Committee consists of 3 independent directors and consists of at least 1 audit committee who has sufficient accounting knowledge and experience to be able to review the reliability of the Company's financial statements. The Audit Committee has the roles and responsibilities to inspect the internal control system of the Company through the internal audit department to perform their duties independently so that every stakeholder can be confident that the Company operates the business with transparency and have sufficient and useful internal control systems. In this regard, the Board of Directors requires the internal audit results to be monitored quarterly and reported to the Board of Directors.

3) Nomination and Remuneration Committee consists of 3 independent directors with the duties and responsibilities in selecting directors considering qualifications, knowledge, and experience following the strategy and goals of the organization. It must be not against the law and related requirements with transparency and ensures that those who are nominated will be able to perform their duties following the two crucial fiduciary duty principles, namely the Duty

of Care and Duty of Loyalty. Nomination and Remuneration Committee prepares and review the Skill Matrix annually to be used as the guideline in selecting an appropriate committee able to create board diversity in terms of knowledge, experience, skills, expertise, gender, and age necessary for the management and creating maximum benefits for the Company. Apart from nominating by the Nomination and Remuneration Committee, the Company provides an opportunity for individual shareholders to propose a list of suitable candidates for a position of director. The nomination form to be appointed as a director can be submitted via the Company secretary's email: monton.o@muangthaicap.com or send the original to the Company's Head Office by 31st December of every year. The Nomination and Remuneration Committee will consider the qualifications and suitability of the applicants by specifying the period for nomination to allow sufficient time for screening according to the process set by the Board of Directors before the shareholders' meeting. The Company will include the names of the persons approved by the Board of Directors on the agenda of the shareholders' meeting.

4) Risk Management Committee consists of 3 directors and executive directors responsible for determining the risk management policy and assessing external and internal risk factors that affect the goals and business operations of the Company. It is also responsible for determining the persons who responsible for risks in various departments along with assigning risk management, responsible of every executive to specify the risk appetite and to monitor the risk management of multiple departments quarterly. The results must be reported to the Board of Directors including giving knowledge and instilling risk management as an organizational culture for employees at all levels.

5) Corporate Governance Committee consists of 3 directors, having responsibilities to support the Board of Directors for establishing policies and directions in accordance with the good governance and sustainability, as well as to develop the governance and business conduct continuously and cultivated as a corporate culture.



6. The Executive Committee consists of a total of 13 executive directors. The Executive Committee will determine the business approaches and strategies to meet the goals set by the Board of Directors.

Statement on the Independence Assessing of the Board of Directors

Non-Executive Board of Directors	75%
Independent director as committee	62.50%
Independent director as Chairman	Yes
The Chairman of the Board is not the same person as the Chairman of the Executive Committee	Yes
Female directors	37.50%

1.2 Authorized signatory directors to bind the Company

In the year 2019, the Company did not change the names of the authorized signatory directors to bind the Company from last year in which two of these four directors jointly sign and affixed with the Company's seal.

- A. Adm. Apichart Pengsritong or
- B. Mr. Chuchat Petaumpai or
- C. Mrs. Daonapa Petumpai or
- D. Mr. Yodhin Anavil

1.3 Qualifications of Directors

The persons as the directors of the Company must be qualified as a director of a financial institution as specified by law and must go through the specified recruitment process. The persons must have skill, knowledge and specified experience. They should understand the roles, duties and responsibilities of the directors and business type and be able to devote time to perform their duties as directors with full efficiency. At least 1 independent director must have knowledge and experience in financial accounting.

1.4 Office term

The office term of the director is in accordance with the Public Limited Company Act B.E.2535. In every annual general meeting of shareholders, the directors who have been in office for the longest must retire by rotation to be 1/3 of the total number of directors but can be re-elected. However, if the number of directors cannot be divided into three parts, then the number closest to 1 in 3 will be used. However, in the year 2019, no director in the Board of Directors holding the position for more than 9 years.

1.5 Positions of Director and the Chairman of the Executive Committee in other companies

In order to ensure that the Board and executives can perform their duties with full efficiency, the Board has established the internal guidelines for directors and the executives of the Company as follows:

- ✔ If that person has the position of director in other companies, that person must pass the approval from the Board of Directors first.
- ✔ Directors should hold directorships in no more than five companies listed on the Stock Exchange of Thailand. Therefore, in the year 2019, no director holds the position of director in more than other five listed companies.
- ✔ Directors must not operate as partners or director in another juristic person of the same nature and is the competition with the Company's business

Roles, duties and responsibilities of the Board

The structure of the Company's Board of directors consists of the Board of directors and 5 sub-committees, namely the Audit Committee, Nomination, and Remuneration Committee, Corporate Governance Committee, Risk Management Committee, and Executive Committee which have all the qualifications under Section 68 of the Public Company Act B.E.2535 and related Capital Market Commission Notifications. The scope of power, duties, and responsibilities of the Company's committees are as follows:

2.1 Scope of duties and responsibilities of the Board of Directors

1. The Board of Directors has the powers, duties, and responsibilities in managing and operating the Company's business as prescribed by law, objectives, regulations of the Company as well as the resolutions of the shareholders' meeting with honesty carefully protecting the Company's interests.
2. Prepare the balance sheet and the income statements of the Company at the end of the accounting period with the auditor to audit before presenting to the shareholders' meeting for consideration and approval.
3. All directors must be qualified with knowledge and work experience from many fields. The Board of Directors is responsible for setting the vision of Company's mission, consider and approve the business directions,

policies, strategies, and goals of the Company for the management to use as a framework for making business plans, support plans and budgets annually.

4. Consider, review, and approve policies, visions, directions, strategies, and business plans of the Company proposed by the management on an annual basis.

5. Provide a discussion and express opinions of the management independently, to set the organization direction and be prepared to handle situations that may change the economy and other environments

6. Follow up the operations to be following the plan and budget continuously.

7. Proceed for the Company and subsidiaries to have appropriate and effective accounting systems and provide reliable financial report and audit including establishing adequate and proper internal control and internal audit system.

8. Prepare the annual report of the committee and responsible for the preparation and disclosure of financial statements to show the financial status and operational performance of the past year and present to propose to the shareholders' meeting for consideration and approval.

9. Consider and stipulate risk management policies to cover the entire organization and supervise to have a system or process for



risk management with supporting measures and control methods to reduce the Company's business impact appropriately.

10. Consider and determine the management structure. Have the power to appoint the Executive Committee, Managing Director, and other sub-committees as appropriate. Determine the scope of duties and responsibilities of the Executive Committee, Managing Director, and various appointed sub-committees. In this regard, the authorization within the specified range of authority must not be the power to authorize the Executive Committee, Managing Director, and various sub-committees to be able to consider approving the transactions possibly having any conflict of interest or stakes with the Company or the subsidiaries as defined in the Notification of the Capital Market Supervisory Board and the Stock Exchange of Thailand and / or any other notices of relevant agencies except for the approval of transactions following the policies and criteria approved by the Board.

11. The Board of Directors may authorize one or more directors or other persons to take any action on behalf of the Board under the control of the Board or may approve such person to have the power as deemed appropriate by the Board within the period as deemed appropriate by the Board. In addition, the Board of Directors may cancel, revoke, change or amend such authorization as necessary.

12. Supervise and oversee the management and operations of the Company and the subsidiaries to comply with regulations and rules set by the Stock Exchange of Thailand and Notification of the Capital Market Supervisory Board such as related transactions and the acquisition or distribution of essential assets to the extent that it is not contrary to or inconsistent with other laws.

13. Prepare the report of the Board of Directors' responsibility for financial statements in the annual report.

14. Assess the yearly performance of the Chief Executive (CEO).

Authority of the Company's Board of Directors

1. Appoint, remove, authorize the sub-committees, executive committee, and Managing Director

2. Appoint the consultant or external experts in case of necessity with the Company's expenses.

3. Approve the loans for use as working capital of the Company in the amount exceeding the authority of the Executive Committee

4. Approve the receipt or cancellation of credit limits in excess of the authority of the Executive Committee.

5. Approve for establishment, merger or dissolution of subsidiaries

6. Approve for investment, selling investment capital in ordinary shares and / or any other securities in the amount exceeding the authority of the Executive Committee

7. Propose to increase or decrease capital or change of par value, amendment of memorandum of association, articles of association and/or objectives of the Company to shareholders.

8. Authorize the management or employees at the Company's executive-level substitution

9. Authorize to invite management or relevant employees of the Company to clarify, give opinions, attend meetings as well as submitting the documents as deemed appropriate and/or necessary

10. Appoint and dismiss the Company's secretary

Authority of the committee mentioned above if related to the acquisition or disposition of assets and related transaction must comply with the Notification of the Capital Market Supervisory Board.

2.2 Scope of duties and responsibilities of the Chairman of the Board

1. Convene a meeting of the Board of Directors, act as the Chairman of the board meeting and the shareholders meeting as well as having a role in setting the meeting agendas with the Managing Director

2. Support and encourage the Board of Directors to perform their duties to the best of their ability according to the scope of duties and responsibilities and according to the principles of good corporate governance.

3. Oversee and monitor the administration of the Board of Directors and other sub-committees to achieve the set objectives.

4. Have a role in controlling the meeting to be effective in compliance with Company's regulations supporting and allowing the directors to express opinions freely.

5. Cast the vote if the Board of Directors has a casting vote and the votes on both sides are equal.

2.3 Scope of duties and responsibilities of the audit committee

1. Review for the Company to have the financial report accurately, sufficiently, and timely following the legal framework.

2. Review for the Company to have internal control and internal audit systems that are appropriate, sufficient and effective as well as considering the independence of the internal audit department or any other department responsible for internal audit, as well as consideration on assigning, transferring and terminating the head of internal audit or other related unit performing the internal audit.

3. Review for the Company to comply with the Securities and Exchange Act, SET requirements and laws related to the Company's business

4. Consider, select, propose, appoint and terminate the employment of independent persons to be the auditor of the Company and propose the remuneration of such person as well as attending a meeting with the auditor without the management attending the meeting at least once a year

5. Consider the related transaction or the transaction that may have a conflict of interest to follow the law and the regulations of the Stock Exchange of Thailand to ensure that

such transaction is reasonable and is the most benefit to the Company

6. Prepare the report of the Audit Committee and disclose in the annual report of the Company. The mentioned report must be signed by the Chairman of the Audit Committee and must contain the following information

- ✔ An opinion on the accuracy, completeness, and credibility of the Company's financial reports

- ✔ Comments about the sufficiency of the internal control system of the Company

- ✔ Comments on the compliance with the Securities and Exchange Act, SET requirements or laws related to the Company's business

- ✔ Explanation regarding the suitability of the auditor.

- ✔ Comment on transactions that may have conflicts of interest

- ✔ The number of the audit committee meetings and attendance of each member of the audit committee

- ✔ Overall opinion or observation that the Audit Committee has received from performing duties under the Charter

- ✔ Other transactions which the shareholders and general investors should know within the scope of duties and responsibilities assigned by the Board of Directors

7. Perform any other duties as assigned by the Board of Directors with the approval of the audit committee.

Scope of duties and responsibilities of the Nomination and Remuneration Committee

Recruiting

1. Specify criteria and policies for nominating directors and sub-committee by considering the suitability of the number of structures and the composition of the Board of Director's qualifications. Propose to the Board of Directors and / or propose for approval to the shareholders' meeting as the case may be.

2. Consider, select, and propose a suitable



person for the position to replace the directors who completed their terms and / or have a vacancy and / or appoint more.

3. Perform any other duties regarding the nomination as assigned by the Board of Directors.

4. Evaluate the performance of the top management of the Company. Propose the meeting of the Board of Directors for acknowledgment and approval

Determination of remuneration

1. Prepare rules and policies for determining the remuneration of the Board of Directors and sub-committee to propose to the Board of Directors and / or propose for approval at the shareholder's meeting as the case may be.

2. Set necessary and appropriate remuneration both in and not in the monetary terms of the Board of Directors individually by determining the remuneration of the Board of Directors. Consider the appropriateness with the duties responsibility, portfolio, and compare with companies in similar businesses and the benefits expected from the directors. Propose to the Board of Directors to consider and propose to the shareholders' meeting for approval

3. Responsible to the Board of Directors and responsible for providing clarification, answer the questions about remuneration for directors at the shareholders' meeting

4. Report the policy, principles, and rationale for the remuneration of directors and executives according to the regulations of the SET by disclosing in the annual registration statement (56-1) and annual report (56-2) of the Company

5. Perform any other duties related to the remuneration as assigned by the Board of Directors, the management and various departments. The relevant information and documents must be reported or presented to the Nomination and Remuneration Committee to support the performance of the Nomination and Remuneration Committee to achieve the assigned duties.

6. Propose the evaluation results of every sub-committee to the Board of Directors and ways to improve the efficiency of every sub-committee.

7. Consider the salary of the Chief Executive Officer (CEO) based on the Company's operating results as a criterion for consideration.

2.5 Scope of duties and responsibilities of the Risk Management Committee

1. Establish and review policies and the organization's risk management framework.

2. Supervise and support the organization's risk management operations following the business strategy, goals, and changing circumstances.

3. Provide guidelines for monitoring and evaluation of risk management to the working group/risk management for implementation

4. Consider the risk management report of the organization and make comments on possible risks as well as providing guidelines for establishing control measures and developing the organization risk management system to the working group/risk management department for implementation.

5. Report risk management of the organization to the Board of Directors for acknowledgment and in the case of significant factors or events that may affect the Company significantly and must report to the Board to acknowledge and consider as soon as possible

6. Perform other duties as assigned by the Board of Directors.

2.6 Scope of duties and responsibilities of the Corporate Governance Committee

1. Propose guidelines for corporate governance to the Board of Directors.

2. Supervise the operations of the Company following the principles of corporate governance of the regulatory institutions such as the Stock Exchange of Thailand, the Securities and Exchange Commission.

3. Consider and review the corporate governance policy regularly. Comply with the

international practices and recommendations of relevant institutions or agencies

4. Consider and propose best practices regarding corporate governance for the committee or affirm the determination of the committee's regulations regarding such matters

5. Suggest the requirements regarding the business ethics of the Company and code of conduct for the Company's executives and employees

6. Promote the dissemination of culture in good corporate governance and participate in social activities

7. Other matters assigned by the Board of Directors

2.7 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 determining table, as well as the definition and any amendments of penalty fee and discounts;

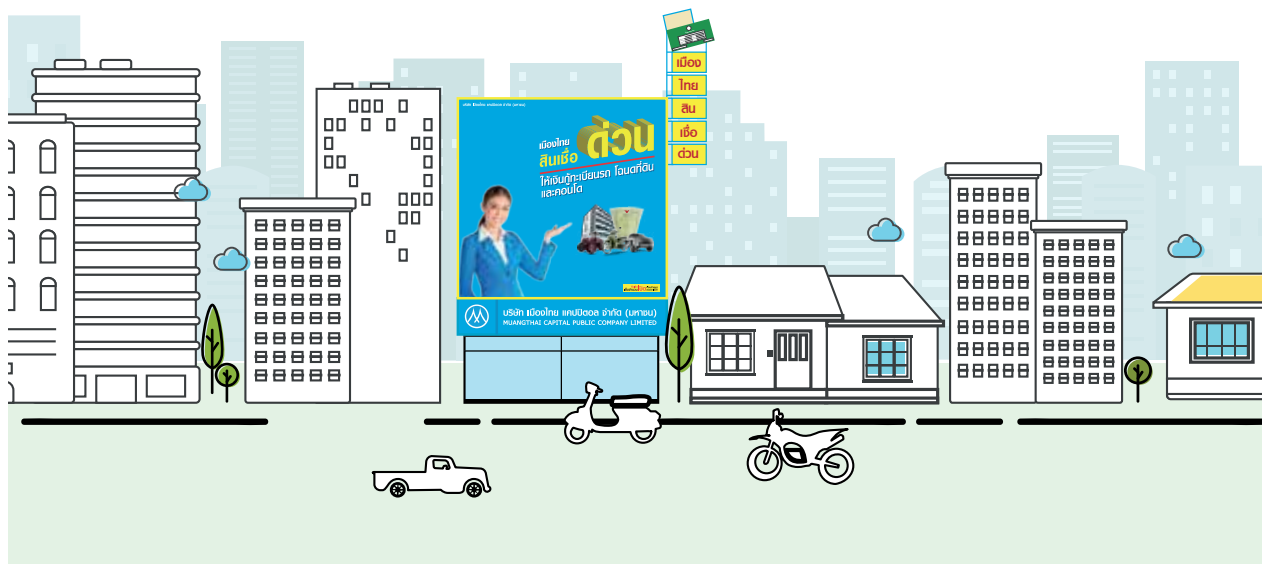
5. To propose the organization structure which suits the Company's business operation for the Board's approval and to consider and approve the additional hiring of employee which is not in the approved annual budget;

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.





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3. Board of Director's meeting

3.1 The Company has a policy that the Board's meeting shall be held regularly at minimum once every 3 months and might has special meeting as needed, to follow up the business performance. 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 to 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.

3.2 The Board meeting schedule shall be established in advance for the year and notified to each director. However, the schedule may not need to include a special meeting. In 2018, the Board meeting schedule of 2019 was established in advance (subject to any changes) not inclusive of a special meeting, per follows;

Meeting	1 st	2 nd	3 rd	4 th	5 th	6 th
Board of Directors Meeting	26/02/19	18/04/19	7/05/19	7/08/19	24/09/19	5/11/19
Audit Committee Meeting	26/02/19	7/05/19	7/08/19	5/11/19		
Risk Management Committee Meeting	20/02/19	22/04/19	30/07/19	30/10/19		
Corporate Governance Committee Meeting	20/02/19	16/12/19				
Nomination and Remuneration Committee Meeting	25/02/19	16/12/19				
Independent director meeting	24/09/19					



Report on the Board meeting attendance

1. Board of Directors

As of 31st December, 2019, the Board of Directors has a total of 8 members consisting of:

Name - surname	Position	Times of attendance/ Total attendance
		2019
1. Adm. Apichart Pengsritong	Chairman of the Board and independent director	6/6
2. Mr. Chuchat Petaumpai	Director	6/6
3. Mrs. Daonapa Petaumpai	Director	6/6
4. Dr. Yothin Anavil	Independent director	6/6
5. Mrs. Kongkaew Piamduaytham	Independent director	4/6
6. Mr. Kampol Tatiyakavee	Independent director	6/6
7. Mrs. Nongnuch Davasuwan	Independent director	6/6
8. Dr. Seauksit Petaumpai*	Director	5/6

- 6 Board meetings are held at the end of 31st December, 2019. The proportion of attendance of the board of directors is 93.75%

- *On 18th April, 2019, the shareholders' meeting passed a resolution to appoint Dr. Seauksit Petchampai as a director.

- No director in the Board of Directors is in the position for more than 9 years and no director in the Board of Directors is a director in more than 5 listed companies

Note: Miss Monthon Onphaen is the Company's Secretary

2. Audit Committee

The Audit Committee has a total of 3 members consisting of:

Name - surname	Position	Times of attendance/ Total attendance
1. Mrs. Kongkaew Piamduaytham	Chairman of the Audit Committee	3/4
2. Mr. Kampol Tatiyakavee	Audit Committee	4/4
3. Mrs. Nongnuch Davasuwan	Audit Committee	4/4

- 4 Audit Committee's meetings are held as at the end of 31st December, 2019. The proportion of attendance of the committee is 93.75%.

Note: Mr. Chalerm Inhom is the secretary of the Audit committee and the assistant manager of the audit department.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Company has a total of 3 members consisting of:

Name - surname	Position	Times of attendance/ Total attendance
1. Adm. Apichart Pengsritong	Chairman of the Nomination and Remuneration Committee	2/2
2. Dr. Yothin Anavil	Nomination and Remuneration Committee	2/2
3. Dr. Seauksit Petaumpai*	Nomination and Remuneration Committee	1/2

- 2 Nomination and Remuneration Committee's meetings are held as at the end of 31st December, 2019. The proportion of attendance of the committee is 83.33%.

*On 18th April, 2019, the Committee's meeting passed the resolution to appoint Dr. Seauksit Petchampai as a member of Nomination and Remuneration Committee replacing Mrs. Kongkaew Piamduaytham.

Note: Miss Monthon Onphaen is the Secretary of Nomination and Remuneration Committee



4. Corporate Governance Committee

The Corporate Governance Committee has a total of 3 members consisting of:

Name - surname	Position	Times of attendance/ Total attendance
1. Dr. Yothin Anavil*	Chairman of the Corporate Governance Committee	1/2
2. Mr. Kampol Tatiyakavee*	Chairman of the Corporate Governance Committee	1/2
3. Mrs. Kongkaew Piamduaytham	Corporate Governance Committee	1/2
4. Mr. Chuchat Petaumpai	Corporate Governance Committee	1/2
5. Dr. Seauksit Petchampai*	Corporate Governance Committee	1/2

- 2 Corporate Governance Committee's meetings are held as at the end of 31st December, 2019. The proportion of attendance of the committee is 83.33%.

*According to the resolution of the Board's meeting, on 18th April, 2019, Dr. Yothin Anavil was appointed as the Chairman of the Corporate Governance Committee replacing Mr. Kampol Tatiyakavee and Dr. Seauksit Petchampai is appointed as a member of Corporate Governance Committee replacing.

Note: Miss Monthon Onphaen is the Secretary of Corporate Governance Committee.

5. Risk Management Committee

The Risk Management Committee has a total of 3 members consisting of:

Name - surname	Position	Times of attendance/ Total attendance
1. Mr. Kampol Tatiyakavee	Chairman of the Risk Management Committee	4/4
2. Mr. Chuchat Petaumpai	Risk Management Committee	4/4
3. Mrs. Nongnuch Davasuwan	Risk Management Committee	4/4

- 3 Risk Management Committee's meetings are held as at the end of 31st December, 2019. The proportion of attendance of the committee is 100%.

Note: Miss Duangkhae Songnui is the Secretary of Corporate Governance Committee.

Other than that, the Company has complied with the good corporate governance manual in order to arrange the Board meeting to be transparent as follows:

✔ The Company convene a meeting for discussion between the non-executive directors without the attendance of executive directors at least once a year to allow non-executive directors to debate and consider the Company's strategies and operations independently from the management.

✔ The Chairman of the Board of Directors and the Chairman of the Executive Committee has a duty to jointly determine the agenda of the Board meeting by allowing other directors and the independent directors to jointly consider and give opinions before placing the agenda and sending the meeting invitation letter to the directors. If a director wishes to propose an agenda for the meeting, such director can notify the Chairman of the Board of Directors, Chairman of the Executive Committee, or the Company's secretary.

✔ Meeting Invitation, agenda, and supplementary Board meeting documents will be sent to each director at least 7 days before the meeting date so that the directors can have time to study the information prior to the meeting.

✔ The directors have a duty to attend the Board meeting in which there must be a proportion of attendance at the board of directors meeting of at least 75% of the meeting year and the quorum must not be less than two third of the total number of directors. The decision of the meeting shall be made by a majority of votes. For the year 2019, the proportion of the meeting attendance of the committee was 93.75%

✔ The minutes of meeting contain the date, time to start and finish the meeting, name list of directors attending and not attending the meeting, summary and conclusion of the agenda, proposed matters, issues not having been discussed, recommendations of the Board including management explanations, resolution of the Board which is sufficient and clear signed by the chairman of the meeting and the Company's secretary who records the meeting. In the event that a director has a conflict of interest with any agenda, such director will not participate in the consideration and will abstain from voting on that resolution. The Company's secretary will inform all directors before starting the meeting.

✔ The minutes of meeting will be copied and sent to the internal department and relevant external agencies within the specified period and will be stored as auditable reference. The minutes of meeting cannot be modified without the approval of the meeting.

4. Board of Directors' Self-Assessment and Skill Matrix

4.1 Board of Directors' Self-Assessment

The Board of Directors has assigned that the Board shall have Board Self-Assessment annually, by using 3 sets of assessment form in compliance with SET's framework per follows;

1. Self-Assessment of the Boards;
2. Self-Assessment of the Committees of the Board;
3. Self-Assessment individual directors of the Board and of the Committee.

For the Board to use the assessment results to establish the framework of the norm practices, measure the performances and compare to the Charter of the Board of Directors which resulting in the enhancing of their efficiency of the performance and to improve their roles and



to review the occurred problems during the past year. The Company's Secretary is responsible to submit the self-assessment form to the members of the Board of Directors annually for the Board and individual assessments. After each Board's member has successfully completed the evaluation, the self-assessment forms will be submitted.

Self-Assessments of the Board of Directors and Individual Member of the Board Procedures are per follows;

1. Board of Directors shall approve and revise the self-assessment form to ensure the accuracy, completeness and compliance with the criteria set by the regulatory body.

2. Company secretary shall submit the self-assessment forms to the Board of Directors during the beginning of December every year.

3. Individual member of the Board of Directors shall complete the evaluation forms and return the forms to the Company Secretary by the end of December.

4. Company Secretary is responsible to summarize and analyze performance results from the assessments and report to the Board of Directors.

5. Company Secretary shall prepare an improvement plan from the assessment results and additional comments from the Board of Directors.

Boards' Self-Assessment Criteria by Percentage are as follows;

- More than 85 Percent = Excellent
- More than 75 Percent = Very Good
- More than 65 Percent = Good
- More than 50 Percent = Fair
- Less than 50 Percent = Poor

Summary of Board of Directors' Self-Assessment Result for 2019

1. The Annual Self-Assessment of the Company's Board of Directors scores 97.14% as Excellent.

- Assessment Scope - Structure and Qualification of Directors Average Score 97.32%
- Board of Directors' Meetings Average Score 97.56%
 - Roles, duties and responsibilities of Directors Average Score 97.44%
 - Board of Director's Roles Average Score 97.50%
 - Relationship with Managements Average Score 100%
 - Self-development and leadership development Average Score 98.45%

2. Individual Director's Self-Assessment scores 97.16% as Excellent.

- Assessment Scope - Structure and Qualification of Directors Average Score 95.31%
- Board of Directors' Meetings Average Score 97.66%
 - Roles, duties and responsibilities of Directors Average Score 97.50%

3. The Committee's Self-Assessment of Year 2019 Results

3.1 Audit Committee's Self-Assessment scores 95.83% as Excellent

- Assessment Scope - Structure and Qualification of Directors Average Score 95.24%
- Board of Directors' Meetings Average Score 95.83%
 - Roles, duties and responsibilities of Directors Average Score 96.43%

3.2 Corporate Governance Committee's Self-Assessment of Year 2019 scores 99.07% as Excellent

Assessment Scope - Structure and Qualification of Directors Average Score 100.00%

- Board of Directors' Meetings Average Score 98.61%
- Roles, duties and responsibilities of Directors Average Score 98.33%

3.3 Nomination and Remuneration Committee's Self-Assessment of Year 2019 scores 99.56% as Excellent

Assessment Scope - Structure and Qualification of Directors Average Score 98.81%

- Board of Directors' Meetings Average Score 100.00%
- Roles, duties and responsibilities of Directors Average Score 100.00%

3.4 Risk Management Committee's Self-Assessment scores 95.37% as Excellent

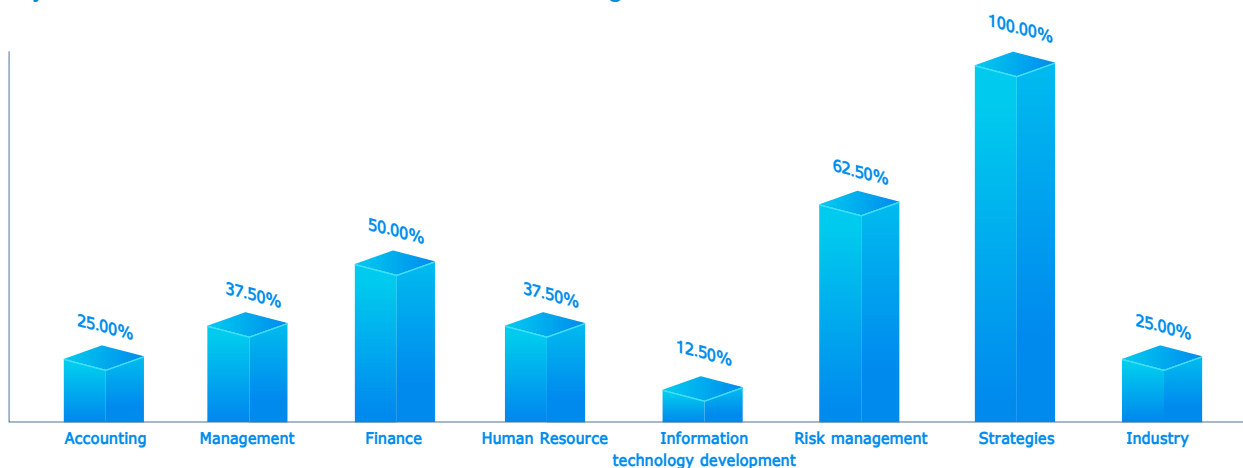
Assessment Scope - Structure and Qualification of Directors Average Score 95.24%

- Board of Directors' Meetings Average Score 95.83%
- Roles, duties and responsibilities of Directors Average Score 95.00%

4.2 1. Skill Matrix

The Board of Directors self-assessment is used as a tool to assess the composition of the Board of Directors. This Skill Matrix helps strengthening the good corporate governance through the analysis of the skills, knowledge, experience, and capabilities of each committee. The matrix also helps analyzing the skills or knowledge that needs to be developed by the Board of Directors and individual directors. The Company gives the opportunity to the management team to participate in additional training or studies to improve their skills and knowledge. In addition, the Board of Directors self-assessment also promotes the recruitment of new directors who may have special skills to help improving the overall composition of the Board of Directors. The Company may recruit new and experienced board members to fill in the missing skills.

In the year 2019, the Board of Directors together with the Nomination and Remuneration Committee jointly conducted the Skill Matrix with the following results:





5. Director and management remuneration

The Company has set remuneration for directors and executives at an appropriate level at a rate sufficient for keeping quality directors and executives without paying excessive remuneration. It is at a level that is comparable to the companies in the same industry. The factors to be considered for the remuneration consist of experience, duties, scope of roles and responsibilities. However, the remuneration of directors must be approved by the shareholders' meeting of the Company. For the management's remuneration, it will be in accordance with the principles and policies determined by the Board of Directors which will be considered from the duties, responsibilities, and the performance of each executive together with the consideration of the Company's performance.

5.1 Director remuneration

Financial remuneration

In 2019 and 2018, the Company paid the meeting allowance to the Board of Directors for 8 members as detailed below:

(Unit : Baht)

Directors	2019	2018
1. Adm. Apichart Pengsritong	545,000	480,000
2. Dr. Yodhin Anavil	430,000	335,000
3. Mrs. Kongkeaw Piamduaytham	365,000	540,000
4. Mr. Kampol Tatiyakavee	635,000	555,000
5. Mrs. Nongnooch Davasuwan	585,000	455,000
6. Mr. Chuchat Petaumpai	430,000	430,000
7. Mrs. Daonapa Petumpai	290,000	280,000
8. Dr. Seauksit Petaumpai	310,000	-
Total	3,590,000	3,075,000

In 2019, the Company paid the annual bonus from the operational performance of 2018 in the amount of 3,700,000 baht divided into Chairman's remuneration for 700,000 baht and each board member for 500,000 baht equaling to the previous year.

The 2019 Annual General Shareholder Meeting on 18th April, 2019, has the resolution to set the remuneration to the directors in 2019 as follows:

Remuneration to the directors	Chairman	Directors
Meeting allowance (Baht/time)		
1. Board of Directors	70,000	50,000
2. Audit Committee	45,000	35,000
3. Nomination and Remuneration Committee	35,000	30,000
4. Corporate Governance Committee	35,000	30,000
5. Risk Management Committee	35,000	30,000
Annual bonus of 2019 (from the operational performance of 2018)	Not over 3,700,000 baht (equaling to the previous year)	

5.2 Executive remuneration

The Executive remuneration is intended to reward the Company's excellent operation and the executives' contributions to the Company, assigned by the Board of Directors. The remuneration is considered from their performances directly related to the Company's successful accomplishments, regarding goals and strategies. In addition, the performance management evaluation is based on the key performance indicators (KPIs), including numbers and other key indicators.

In 2019, the Company paid the remuneration to the executives (13 executives) for 46.10 million baht (in 2018: 39.32 million baht of remuneration paid). This remuneration includes salary, position allowance, bonus, per diem, social security fund contribution and provident fund contribution.



6. Directors Development

6.1 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.

6.2 Director's knowledge development

The Board has a policy to support and facilitate the training and development for the directors. The training programs provided are those arranged by the Thai Institute of Directors Association (IOD), the Stock Exchange of Thailand and other institutes both domestic and international. This includes the activities of internal training and seminar. In 2019, the Company has supports its director to attend the training program as follows:

Directors	Training/seminar programs
Dr. Seauksit Petaumpai	Directors Ceritification Program - DCP 277/2019
Dr. Seauksit Petaumpai	Corporate Governance for Capital Market Intermecriaries - CGI 22/2019

7. Succession Plan

The Board of Directors has adopted the succession plan for the position of Chairman of the Executive Committee and Managing Director 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 Board of Directors 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 Successors who are assigned to succeed the positions must not only be the persons with the qualifications and experience of working in the appropriate fields but they must also be transferred of knowledge and experience by Job Rotation and must attend training courses as necessary to ensure smooth and continuous work.

4) 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.

Board of Directors

The Company's Board of Directors consists of the following 12 persons:

Executives	Positions
1. Mrs. Daonapa Petampai	Managing Director
2. Mr. Surapong Pechaumpai	Deputy Managing Director (Senior)
3. Mr. Parithad Petampai	Deputy Managing Director
4. Mr. Surat Chayavoradech	Assistant Managing Director (CFO)
5. Ms. Duangkhae Songnuy	Assistant Managing Director
6. Ms. Vimonrat Nujul	Accounting Manager
7. Mr. Somkiat Ratsamee	Branch Manager
8. Mr. Amnat Niamsee	Collection Manager
9. Mr. Banyat Ninsiri	Assistant Branch Manager
10. Mr. Niyom Rodnoi	Assistant Branch Manager
11. Mr. Pradit Thongkhum	Assistant Branch Manager
12. Mr. Songkran Eiamkai	Assistant Branch Manager



Company Secretary

The Board of Director Meeting No.3/2014 on 14th May 2014 appointed Ms. Monthon Onphan as 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. The following are responsibilities of the Company Secretary.

1. To supervise and make recommendations to the Board about legal compliances rules and regulations of regulatory bodies and of the Company itself as well as monitor the Company's operations on a regular basis to ensure all activities are conducted in accordance with relevant laws.

2. To arrange the Board's meetings and shareholders' meetings and coordinate with related parties to ensure that the resolutions from the Board's meetings and shareholders' meeting are carried out.

3. To supervise the disclosure of the Company's information and information technology report to be complied with the Stock Exchange of Thailand, the Securities and Exchange Commission and other related regulations.

4. To make a report and keep the following documents:

- 4.1 Directors register
- 4.2 Notices of meetings and meeting minute reports of the Board
- 4.3 Notices of meetings and meeting minute reports of shareholders
- 4.4 Annual reports
- 4.5 The Board's conflict of interest reports

Additionally, as the Company is well-aware of and committed to good corporate governance, the Company Secretary has passed 3 training programs organized by Thai Institute of Directors which are

- Company Secretary Program (CSP), Batch 50/2013

- Effective Minute Taking (EMT), Batch 26/2013

- Anti-Corruption: The Practical Guide (ACGP), Batch 43/2018

Auditor and remuneration for auditor

The annual general shareholders' meeting year 2019 has approved the remuneration of auditor for 2019 at 4,200,000 baht which included the audit fee and the review for the

Company's and its subsidiary's interim financial statements and their consolidated statements.

The auditor fee for the year 2019 for the Company and its subsidiary was comprising of the audit fee and quarterly review fee of the Company of 480,000 baht.

Other fees : -None-

Legal Disputes

As of 31st December, 2019, the Group is not a litigant or party in the following cases:

- 1. Cases that may have negative impact on the assets of the Company or the subsidiaries which are higher than 5% of shareholders' equity as of 31st December, 2019
- 2. Cases that affect the business operations of the Company or the subsidiaries significantly but cannot assess the impact in numbers. They are the cases that do not arise from normal business operations of the Company or the subsidiaries.

Good Corporate Governance Policy

1. Dividend payment policy

In the year 2019, the Corporate Governance Committee and the Board of Directors considered reviewing the mission, vision, core values of the Company and the annual corporate governance policy and manual. Therefore, the

resolution was given by the Board of Directors Meeting No. 2/2019 held on 18th April, 2019, at the Arun Amarin 1 meeting room, Royal City Hotel to change the dividend policy in line with the operating situation and the current business management strategy of the Company. The dividend payment policy was changed from ***“The Company has the policy to pay dividends at the rate of not less than 50 percent of the net profit from the separate financial statements of the Company and subsidiaries each year after corporate income tax deduction and legal reserve allocation” to “The Company has the policy to pay dividends at the rate of not more than 50***

percent of the net profit from the separate financial statements of the Company and the subsidiaries each year after corporate income tax deduction and legal reserve allocation. However, the dividend payment may change depending on the business expansion plan, liquidity, necessity and other suitability in the future”. Such dividend payment policy is revealed on the Company’s website. However, the mentioned change is a change to ensure transparency and fairness for the stakeholders of the Company especially to individual shareholders and financial institutions investing in ordinary shares of the Company in the investment decision.

Dividend payment history of the Company

Date of resolution of the Committee for the dividend payment	Marked date	Dividend payment date	Dividend type	Dividend per share (baht)	Turnover round
26/02/19	29/04/19	15/05/19	Dividend	0.26	01/01/18-31/12/18
20/02/18	27/04/18	14/05/18	Dividend	0.18	01/01/17-31/12/17
20/02/17	26/04/17	15/05/17	Dividend	0.10	01/01/16-31/12/16
18/02/16	27/04/16	13/05/16	Dividend	0.20	01/01/15-31/12/15
19/02/15	27/04/15	11/05/15	Dividend	0.13	01/01/14-31/12/14

2. Policy on the protection of inside information

The Company recognizes and is aware of the importance in supervising the use of inside information in accordance with good corporate governance principles by adhering to the principles of good governance, integrity, morality and ethics of business operation. This includes ensuring that the investors receive reliable and equitable news in a timely manner. Therefore, the Company has established regulations for the use of internal information and regulations on the trading of securities of the directors, executives, and employees in accordance with the law on securities. The focus is on transparency of business operation to prevent the directors, executives, and employees from using the inside information of the Company for their own benefits or for disclosure to others as well as for the trading of securities. It also abides by the rules and regulations of the Office of the Securities and Exchange Commission such as the reporting of trading of directors and executives.



The Company has stipulated penalties in case of violation of the use of inside information of the Company for personal benefits in the regulations of the Company. All levels of employees have been continuously notified. The penalties range from warnings to dismissal.

The Company has disclosed the policy on the use of inside information on the Company's website to disseminate to all employees, executives, directors including stakeholders of the Company which can be summarized as follows:

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. There is a policy for directors, senior management notified to the Board or a person assigned by the Board concerning the trading of the Company's shares. The report must be made to the Board of Directors about the trading of the Company's shares at least 1 day in advance before trading.

3. 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.

4. The Company has informed the management to understand and acknowledge the obligation to report the holding of securities in the Company, their spouse and minor children as well as reporting the changes in securities holdings to the Office of the Securities and Exchange Commission under Section 59 and penalties under the Securities and Exchange Act B.E.2535.

5. 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.

6. 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. All employees are required to adhere to the protection of information confidentiality about various activities in business operation and to prohibit the benefits of oneself and others from using any information of the Company which has not been disclosed to the public or take any action in a manner that may cause conflicts of interest to the organization.

In addition, the Company communicates the use of inside information to remind all employees since the date of recruiting as an employee of the Company specified with the important details in the employment contract for all employees to know. The statements are

“To mainly consider the benefits of the Company and to promise not to use the position in the assigned responsibility to seek any benefit causing damage to the Company as well as strictly not taking the Company’s confidential information and/or data of customers to be disclosed to competitors or external parties.”

3. Policy on Conflict of Interest Prevention

The Company’s Board of directors has stipulated the policy to prevent the conflict of interest on the basis that any decision in conducting business activities must be done for the best interests of the Company only. The actions that cause conflicts of interest should be avoided by requiring those involved or having an interest in the considered matter to notify the Company for knowing their relationship or interest in such transaction. This means not participating in the decision-making process along with disapproving the said transaction including the connected transactions of the Company or subsidiary and persons who may have conflicts that any stakeholder in the matter will not be able to take part. In approving such transaction, the Board of Directors will monitor and ensure for the Company to act in compliance with the securities and exchange laws and regulations, notifications, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand. This includes the compliance with the requirements regarding the disclosure of information, connected transactions and the acquisition or distribution of important assets of the Company. The guidelines are as follows:

1. To ensure for the Company to comply with the rules, procedures and disclosure of connected transactions as strictly required by laws or regulatory agencies and according to Company’s regulations
2. To avoid doing transactions that are

connected to oneself or related persons / juristic persons which may cause a conflict of interest with the Company

3. In the case that it is necessary to make a connected transaction, such transaction must comply with general trading conditions in accordance with the principles approved by the Board of Directors. Transparency and fairness is like doing transactions with third parties considering the best interests of the Company.

4. In case of connected transaction not complying with general trading conditions in accordance with the principles approved by the Board of Directors or the nature and size of the transaction is not within the discretion of the management, it must pass a review and provide comments from the Audit Committee before proposing for approval from the Board of Directors or shareholders.

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).

4. Policy on anti-fraud and corruption

The Company sets up a policy on anti-fraud and anti-corruption and its guidelines, prohibiting its employees 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 are also announced and communicated to the Company’s business partners. Additionally, a fraud risk assessment program, a control process, a monitoring tool, an evaluation and training process have been completely established.



The guidelines on integrity and work regulations under the corporate culture are also set up, and the executives and employees have to follow the regulations strictly. When the employees violate workplace policies, it is import to swift actions under the whistle-blowing policy by reporting the risk management committee on their violation of regulations, inaccurate financial report or misrepresentation of financial statements, failure of internal audit as well as violation of business code of conduct.

Risk Assessment: In 2019, the Board of Directors evaluated the risks that may have been caused from frauds or corruptions. This type of risk is separately and specifically evaluated from other risk types. In addition, the risk evaluation report was submitted to the internal audit committee in charge of corporate governance.

Training and communication: In 2019, the Company organized training to educate its employees on anti-fraud and corruption policy, guidelines to prevent any acts of corruption, and other related regulations. This knowledge includes business codes of conducts, guidelines for giving and receiving gifts and holding receptions, and a policy on conflict of interest, etc. The executives were trained at the Head Office before they communicated to their branch employees to be aware of anti-frauds and corruptions during a monthly meeting. In addition, the Company provides other channels such as bulletin boards and the Company's intranet system to communicate with its employees as well as its business partners.

After the training, the employees were required to take the test on the anti-frauds and corruption, and the test result showed that over 95% of the employees had more understanding about this issue.

5. Policy on Internal Control

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 centers 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 center 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 on 18th October, 2019. 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.

6. Policy regarding Personal Data Protection Act B.E.2562

Muangthai Capital Public Company Limited and the subsidiaries (the Company) are aware of the importance of personal data protection issues. This policy describes how the Company treats personal information of the data owner, such as collection, storage, use, disclosure, including rights of data owners to inform the data owners of the privacy policy of the Company. Thus, the Company notified the policy regarding the Personal Data Protection Act B.E.2562 as follows:

Respecting the privacy rights of users

1. The Company respects and values the rights, personal data and personal data protection of data owners. The Company is well aware that the data owners wish to have the security in looking after the personal data of the Company.

2. Personal information of the owner's received by the Company, such as name, age, address, telephone number, ID card number, vehicle registration number, title deed No., financial information, etc. which can identify the data owners is complete, accurate, updated, and of quality and will be used only for the purpose of the Company's operations. The

Company will implement strict measures to maintain security as well as preventing personal information from being used without permission from the data owners.

Purpose of collecting personal data

1. The Company collects the personal data of the data owners for the implementation of the Company's operational. The objectives of operation, the purpose of data collection, the collected data, and the expected duration of data collection, the person or agency in which the information may be disclosed, data of operators and agents that collect data, contact location, and how to contact are clearly informed to the data owners.

2. In the event that the Company collects, stores, uses and discloses personal data for other operations apart from the mentioned objectives, the data owner has the right in the privacy of personal data by choosing whether for the Company to collect, store, use, disclose or not to collect, store, use, disclose such personal data.

3. The Company will not do anything different from the purpose of data collection except

(1) Notifying the new objectives to the users with the consent given by the users

(2) In case of being required by law

Collection of personal data

1. In collecting the data and maintain the quality personal data of the data owner, the Company will use legal and fair methods to collect and store the data as well as collecting and storing personal data as limited and as necessary to provide electronic transaction services or services by any other electronic means under the Company's objectives only



2. The Company will ask for the consent from the data owners before collecting, except:

- (1) In case of being required by law
- (2) For the benefit of the data owners and requesting for consent cannot be made at that time
- (3) For the benefit of life, health, or security of the data owners and users of other data owners
- (4) For the benefit of the investigation of the inquiry official according to the Code of Criminal Procedure or the trial and adjudication of the court
- (5) For the benefit of research studies or statistical preparation

3. The Company will not store personal data of the data owner related to genetic features, sexual behaviors, or data that may be harmful, discredit, or may cause unfair feelings of discrimination or inequality for any person except:

- (1) Receiving a written consent from the data owners
- (2) In case of being required by law
- (3) For the benefit of the data owners and requesting for consent cannot be made at that time
- (4) For the benefit of life, health, or security of the data owners and users of other data owners
- (5) For the benefit of the investigation of the inquiry official according to the Code of Criminal Procedure or the trial and adjudication of the court
- (6) For the benefit of research studies or statistical preparation and such personal data is collected with confidentiality.

4. The Company may gather the personal data of the data owner with the personal data of the data owner obtained from other sources only if it is necessary and with the consent of the data owner. This is for the purpose of

updating the personal data of the data owner as well as improving the quality and efficiency of the Company's services

Use of personal data

1. The Company can use and disclose the personal data of the data owner only with the explicit consent of the data owner in writing or via electronic system except for the condition that the mentioned consent cannot be sought and used for the purposes of the Company only.

2. The Company shall ensure that the operator of the Company will not disclose, display or make appear in any other way the personal data of the data owner other than the purpose or to the outside party, except:

- (1) In case of being required by law
- (2) Receiving a written consent from the data owners
- (3) For the benefit of life, health, or security of the data owners and users of other data owners
- (4) For the benefit of the investigation of the inquiry official according to the Code of Criminal Procedure or the trial and adjudication of the court
- (5) For the benefit of research studies or statistical preparation

3. In some cases, the Company may allow other individuals or departments to access or use the personal data of the data owner as necessary and in accordance with the objectives and authorities of the Company. However, the Company must first obtain the consent of the data owners.

Security

1. As the Company is aware of the importance of the security of personal data of the data owner, the Company has established appropriate measures to protect the security of

personal data in accordance with the confidentiality of personal data in order to prevent loss, access, destruction, use, modification or disclosure of personal data unrightfully or unlawfully in accordance with the policies and guidelines for securing information technology of the Company.

2. The Company provides personnel to protect personal data. The personal data protection officer is responsible for giving the advice on the practice, check the action to be correct, coordinate when a problem occurs, and keep confidential on the personal data learned from the duty performance.

Participation of personal data owners

1. In the event that the data owner wishes to know personal data about himself, the data owner can have a request in accordance with the rules and procedures set by the Company. When the Company has received the request, the Company will hurry to report the availability or details of such personal data to the data owner within a reasonable time.

2. If the data owner considers that any personal data is not accurate, the data owner can notify the Company for correcting, changing, or deleting that personal data. In this regard, the Company will also record the objections, storage, or any action regarding the personal data of the data owner as evidence.

3. The data owner has the right to check the availability, features of personal data, purpose of data usage, and the Company's office location with the following rights:

- (1) Request a copy or request a certified copy of one's personal data
- (2) Request to amend or change their personal information to be completely correct

(3) Request to suspend the use or disclose personal information about themselves

(4) Request to proceed with the deletion or destroy personal information about themselves

(5) Request to disclose the acquisition of personal data related to oneself in the event that it is the information that users do not give consent to the collection or storage. However, the Company may deny the rights of the data owner in the event that the law requires or in the case that the personal data of the data owner is made not to display the name or characters that can identify the data owner.

Changes to privacy policies

1. The Company may update this Privacy Policy from time to time to reflect changes in service, Company's operations, recommendations, and comments from the data owner. The Company will announce a notice of change clearly before initiating the change or may send notifications to the data owner directly.

2. For more information about personal data protection policies and practices, please study the privacy policy and guidelines. If the data owner has additional questions, please contact the Company.

Contact address:

Muangthai Capital Public Company Limited
32/1 Jaransanitwong Road,
Bangor, Bangplad, Bangkok 10700
Tel: 02-8801033

7. Policy on money laundering, terrorism and proliferation of weapons of mass destruction

The Company stipulated the policy on money laundering and approaches to support in accordance with the Terrorism and Proliferation



of Weapons of Mass Destruction Financing Act, B.E. 2559 and Anti-Money Laundering Act, B.E. 2542 for the Company to comply with the law not to become a tool supporting the offenders or as a way to bring or make money from illegal activities. This has been approved by the Board of Directors since 2018. In the year 2019, the Company has implemented the said policies and guidelines for providing assessments of money laundering risks and financial support to terrorist by including the risk arising from the customer type, product or service, areas or countries that are at risk. In using the information technology, it is found that the business operations of the Company still have a low risk of money laundering and financial support for terrorism. In addition, the Company performs the operation in accordance with the regulations and procedures regarding KYC (Know Your Customer) as required by law. This can be collaborated with the Client Due Diligence (CDD) by collecting and reviewing all customer identification documents in the credit approval process.

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 ¹⁾	not over 15,000 baht per time	not over 15,000 baht per time	approve	-
5. Cash advance per time ²⁾ - Branch/Auction centre	-	not over 70,000 baht per time	approve	-
- Head office	not over 17,000 baht per time	not over 100,000 baht per time	approve	-
6. Disposal of damaged fix assets ³⁾	not over 50,000 baht per time	not over 50,000 baht per time	approve	-
7. Account write-off (bad debts)	-	-	-	not over 20% million baht

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

2) In the past, branches and auction centers' maximum cash advance did not exceed 50,000 baht per time and Head office's maximum cash advance did not exceed 75,000 baht per time

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

Section 4 Compliance to the principles of corporate governance

corporate governance

In the year 2019, the Company implemented in accordance with the policy and manual of the good corporate governance which can be summarized as follows

Sction 1: The Rights of Shareholders

1. Protection and preservation of rights of shareholders

Muangthai Capital is aware of and respects the rights of all shareholders equally by not doing any actions violating the rights or limiting the opportunity to access the Company's information. The communication channels are provided for investors through the investor relations department of the Company and the Company's website in the part of "Investor Relations" which will have current information and the Company's information including the exercise of various rights of shareholders

2. Arrangement of general meeting of shareholders

In 2019, the Company arranged the annual general meeting of shareholders of 2019 on 18th April, 2019, at 10AM at Pinklao 2 Meeting Room (9th floor) of Royal City Hotel. The address of the hotel is 800, Borommaratchachonnani Road, Bangkok Noi, Bangplad, Bangkok. The meeting was carried out appropriately in accordance with the Company's regulation and relevant laws including the practices correspondent with the AGM Checklist and Good Corporate Governance standards following the guidelines of the Office of the Securities and Exchange Commission as follows.

✔ The Company provides an opportunity for individual shareholders to propose an agenda item or item for consideration as a meeting agenda as well as nominating the qualified individuals to be elected as an individual director in advance for 3 months before the end of the fiscal year from October to December. The

rules, procedures and procedures and the documents for exercising the said rights are disseminated on the Company's website, <http://investor.muangthaicap.com/th/document/shareholders-meeting>. However, in the year 2019, no shareholder exercised the said rights as reported to shareholders in the Annual General Meeting.

✔ The Company has prepared and delivered the invitation letter to the Annual General Meeting of Shareholders and meeting invitation documents for the shareholders to be informed of the date, time, venue and agenda of the meeting together with the registration procedures and documents that must be presented to the officers before attending the meeting. This includes all the information related to matters that need to be decided in voting for the meeting together with the annual report for everyone to know in Thai and English disseminated on the company's website for not less than 30 days in advance. The meeting invitation letter will be sent by mail to shareholders together with the annual report in QR Code format 7 days before the meeting date so that the shareholders have sufficient time to study the information.

✔ The Company posts in newspapers for 3 consecutive days, more than 7 days in advance of the meeting date.

✔ The Company will not add meeting agenda or change important information in the notice of the meeting without notifying shareholders in advance.

✔ The Company prepared the proxy form as specified by the Ministry of Commerce and there is a description of the procedure for granting proxy and the required documents clearly attached to the meeting notice for use in the event that the shareholder wishes to grant a proxy to another person to attend the meeting on their behalf with the Company procuring and affixing stamp duty. The Chairman of the Board /Independent Director are also nominated allowing shareholders to consider as proxies as well.



✔ In order to make the meeting proceed efficiently, the Company has used barcode technology in the registration process to attend the meeting, vote counting process, and voting result process to be quick and accurate. The Company allows the shareholders to vote no less than 2 hours before the meeting.

✔ The Boards, committees, and the Chairman of the Board together with the top executives, auditors, and representatives from Law Shining Co., Ltd., who are legal advisors and inspectors to attend the Annual General Meeting of Shareholders in unison. The representatives from the Thai Investors Association, volunteer representatives for minority shareholders attend for observation to ensure that the meeting proceeds correctly and transparently in accordance with the laws and regulations of the Company.

✔ The Chairman of the Board assigned Mr. Sakchai Wirunchiwa, the Company's legal advisor, to inform the number and proportion of shareholders attending the meeting both in person and appointed a proxy to the meeting. This includes the clarification of meeting rules and procedures, voting and vote counting. The shareholders are given the opportunity to express their opinions and ask questions on various occasions independently before voting on each agenda. The voting results are announced for agreeing, disagreeing, abstaining and the number of invalid ballots in each agenda for the meeting to know.

✔ Since the Company has only one type of shares, namely ordinary shares, with 1 share having the right of 1 vote and hold the majority vote except where otherwise required by law, if any shareholder has a special interest in any agenda which the meeting will pass a resolution, such shareholder will not have the right to vote in such agenda. Apart from voting for the election of the directors, the nominated directors and the shareholders with voting

rights will be able to vote according to the Company's regulations

✔ For the agenda regarding the election of directors, the Company requires that the shareholders elect each director individually by specifying a brief biographical information of those nominated to be elected to office or returning to the position of director As well as other relevant and necessary information for the benefit of the shareholders' consideration. Before starting the consideration on the agenda for election of directors, the nominated directors have left the meeting room to allow shareholders to express their opinions and vote independently and transparently.

✔ For the term of directors' remuneration, the amount and type of remuneration received by each director will be specified together with the policies and criteria for consideration of remuneration.

✔ For the appointment of auditors and approval of audit fees, the name of the auditor has been notified with the affiliated company, brief resume, independence of auditor, the number of years serving as the Company's auditor, and the reasons for proposing to be appointed to the position/resume the position, audit fees, and other related information in order to be considered as supporting information for the shareholders.

✔ For the annual dividend payment agenda, there is a dividend payment policy specifying the dividend rate and the amount of dividends proposed for payment, historical dividend payment information, and the date of dividends payment. These requires shareholders to receive dividends within 30 days after the annual dividend payment at the general meeting of shareholders along with reasons and information for shareholders' consideration. According to the Company's regulations and related laws, the payment of interim dividends must be approved by the Board of Directors.

✔ The Company arranges for recording VDO and the sound throughout the meeting period and published on the Company's website in order for shareholders and the general public to view the previous meeting for transparency.

✔ The Company has prepared a summary of the votes at the meeting along with the scores of each agenda for shareholders and the general public to know via the disclosure channel of the Stock Exchange of Thailand on 18th April, 2019, the same day after the meeting has been finished. This will be publicized on the Company's website the next day.

✔ The Company has prepared a report of the annual general meeting of shareholders in both Thai and English covering important details such as issues, questions and answers which the shareholders have asked in each agenda. The resolutions of the meeting together with the votes for approval, disapproval, abstention and the number of invalid cards, minutes of the meeting were disseminated to shareholders and the general public through the disclosure channels of the Stock Exchange of Thailand and published on the website of Company within 14 days after the meeting is finished.

✔ The Company provides appropriate facilities for all shareholders to exercise their rights by holding a meeting on a working day at a hotel located in Bangkok near the Company's Head Office. The shareholders can then conveniently come to join the meeting and it does not prevent or create obstacles to allow shareholders to communicate among one another.

✔ The Company has appointed investor relations officers to be the coordinators for providing information and answering questions to shareholders.

Section 2: The Equitable Treatment of Shareholders

1. Prevention of Insider Trading

✔ The Company has set policies, ethics and penalties for the use of inside information and trading of securities, selling the Company's securities to prevent the directors, executives, and employees including their spouses and underage children of the said person from using inside information that has not been disclosed to the public improperly for their benefits or others.

✔ The policy requires that the Company's directors, managements, and employees to be forbidden from trading the Company's shares during the blackout period which the Company has specified for a period of 45 days. In the year 2019, the Company did not find the case that directors, executives and employees traded securities by using inside information or trading during the Blackout period

2. Prevention on Conflict of Interest

✔ The Company has set policies that prohibit directors, executives, and employees including those related to such persons from seeking personal benefits in conflict with the interests of the Company. The actions that cause conflicts of interest should be avoided and those involved or have interest or related to the considered matters have the duty to notify the Company about the relationship or their involvement in the said transaction. Such persons are not involved in making any decision in the mentioned transaction.

✔ The Company requires that the Company's directors and management have the duty in reporting the securities held by the Company, spouse and underage children including reporting changes in securities holding to the Office of the Securities and Exchange Commission in accordance with Section 59 and penalties under the Securities and Exchange Act B.E. 2535, Disclosure Report on Additional Information (form 56-1) and Annual Report (form 56-2).

Report on the changes of shareholdings of the Company's directors and executives in 2019

No.	Name	Position	Number of Shares, as of 31 December, 2019	Number of Shares, as of 31 December, 2018	Number of Shares (increased/decreased)	Ratio of shareholdings
1.	Adm. Apichart Pengsritong	Chairman	500,000	700,000	(200,000)	0.024
	Spouse and Minor child		-	-	-	-
2.	Mrs. Kongkeaw Piamduaytham	Chairman of the Audit Committee	800,000	800,000	-	0.038
	Spouse and Minor child		-	-	-	-
3.	Mrs. Nongnooch Davasuwan	Member of the Audit Committee	-	-	-	-
	Spouse and Minor child		-	-	-	-
4.	Mr. Kampol Tatiyakavee	Chairman of the Audit Committee	200,000	200,000	-	0.009
	Spouse and Minor child		-	-	-	-
5.	Mr. Yodhin Anavil	Chairman of the Audit Committee	200,000	400,000	(200,000)	0.009
	Spouse and Minor child		-	-	-	-
*6	Mr. Chuchat Petaumpai	Chairman of the Executive Committee	710,056,400	710,056,400	-	33.493
	Spouse and Minor child		-	-	-	-

No.	Name	Position	Number of Shares, as of 31 December, 2019	Number of Shares, as of 31 December, 2018	Number of Shares (increased/decreased)	Ratio of shareholdings
*7	Mrs. Daonapa Petampai	Assistant Managing Director	720,000,000	720,000,000	-	33.962
	Spouse and Minor child		-	-	-	-
8.	Dr. Seauksit Petaumpai	Member of the Audit Committee	902,000	900,000	2,000	0.043
	Spouse and Minor child		-	-	-	-
9.	Mr. Surapong Pechaumpai	Deputy Managing Director	945,000	945,000	-	0.045
	Spouse and Minor child		-	-	-	-
10.	Mr. Parithad Petampai	Deputy Managing Director	2,520,500	2,430,500	200,000	0.119
	Spouse and Minor child		50,000	50,000	-	0.002
11.	Ms. Duangkhae Songnuy	Assistant Director manager	1,145,000	1,145,000	-	0.054
	Spouse and Minor child		-	-	-	-
12.	Mr. Surat Chayavoradech	Assistant to Managing Director	-	-	-	-
	Spouse and Minor child		-	-	-	-

No.	Name	Position	Number of Shares, as of 31 December, 2019	Number of Shares, as of 31 December, 2018	Number of Shares (increased/decreased)	Ratio of shareholdings
13.	Ms. Vimonrat Nujul	Accounting Manager	504,000	504,000	-	0.024
	Spouse and Minor child		-	-	-	-
14.	Mr. Somkiat Ratsamee	Department Manager Branch	219,000	219,000	-	0.010
	Spouse and Minor child		-	-	-	-
15.	Mr. Amnat Niamsee	Deputy Branch Manager	414,300	500,000	(85,700)	0.020
	Spouse and Minor child		-	-	-	-
16.	Mr. Banyat Ninsiri	Assistant to Branch Manager	200,000	282,000	(82,000)	0.009
	Spouse and Minor child		-	-	-	-
17.	Mr. Niyom Rodnoi	Assistant to Manager	438,000	438,000	-	0.021
	Spouse and Minor child		-	-	-	-
18.	Mr. Pradit Thongkhum	Assistant to Branch Manager	200,000	200,000	-	0.009
	Spouse and Minor child		37,000	37,000	-	0.002
19.	Mr. Songkran Eiamkai	Assistant to Branch Manager	30,000	11,300	18,700	0.001
	Spouse and Minor child		37,000	37,000	-	0.002

✔ In the year 2019, the Company did not find any transaction with conflicts of interest which were in violation of the policy to prevent transactions possibly causing conflicts of interest.

3. Related Party Transactions

✔ In the year 2019, the Audit Committee has considered the appropriateness of the connected transactions carefully that the connected transaction was done fairly according to the market price and in accordance with Fair and at Arm's Length Basis together with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. This strictly regards to transfer pricing policy and other conditions with persons who may have conflicts of interest as if transactions with outside parties in which the directors and executives with vested interests do not participate in the consideration and voting on matters relating to connected transactions.

✔ The Company has disclosed the Related Party transaction in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand in the Disclosure Report on Additional Information (form 56-1) and Annual Report (form 56-2).

4. Stakeholders of the company and/or senior management

✔ The Company requires directors and senior management to report their own interests and related persons who have interests in connection with the management of the business of the Company or subsidiary when holding the position of director or senior management. Whenever there is a change in stakeholder information as well as a regular report at the end of every year, the report must be made. The Company secretary must send a copy of the said interest report to the Chairman of the Board and the Chairman of the Audit Committee in order to comply with the Securities and Exchange Act B.E.2535 and to use such

information to investigate and prevent conflicts of interest.

✔ The Company requires that the stakeholders of the Company have a duty to report to the Board of Directors about trading of the Company's shares at least 1 day in advance before trading.

✔ In the Board meeting, the directors with interests in any matter will not participate in the consideration process and have no voting rights in that matter which has to be recorded in the minutes of the meeting.

Section 3: The Role of Stakeholders

The Company attaches importance to fair treatment and the rights of all stakeholders both stakeholders who are directly affected by the Company's business operations and indirectly affected groups or has not been affected by the business of the Company at all. Since the year 2018, the company has divided the stakeholders into 6 groups. The Board of Directors has considered to increase the supervision department to be another group of stakeholders because almost all of the Company's business is affected by the laws and supervision of the Bank of Thailand and the Ministry of Finance. In addition, the Company is obliged to report to the Bank of Thailand Ministry of Finance and other relevant regulatory agencies.

However, the responsibilities, issues of impacts, and the tools used to communicate with the stakeholders may vary from year to year due to changes in the environment and the changing risk which will be updated by the Company periodically.

Group of stakeholders	Tools	Frequency	Issues of Impacts
Personnel (Directors, executives and employees)	Communication channels in the organization via internal portal ✔ MTC University ✔ MTC Forum	All the time	✔ Procedures/problems in operation ✔ Career progress, welfare and remuneration ✔ Security policy, safe procedures, hygiene in the workplace and offsite



Group of stakeholders	Tools	Frequency	Issues of impacts
	Muangthai Samphan Journal	Monthly	<ul style="list-style-type: none"> ✔ Industry news ✔ Sharing of work experience among employees ✔ Various policies related to the Company's stakeholders ✔ Social activities
	Employee's meeting (Service level, Manager level, Department level, Employee level in each department and branch)	Monthly	<ul style="list-style-type: none"> ✔ Activities to improve the knowledge, ability and potential of employees in response to business operation directions ✔ Analyze to find solutions to problems in the work process. ✔ Operational risk ✔ Morality, vision, and transparent and fair service provision
	Activities for executives to meet employees	Monthly and yearly	<ul style="list-style-type: none"> ✔ Supporting diversity in the organization ✔ Fair and thorough employee care
	Sports activities for health and relationships strengthening among employees	Monthly and yearly	<ul style="list-style-type: none"> ✔ Supporting health and hygiene of employees ✔ Promoting relationship building and creating relationships between employees and the organization
	Survey on employee's satisfaction	Yearly	<ul style="list-style-type: none"> ✔ Factors that make employees satisfied or not satisfied leading to the improvements for sustainable development
	Whistleblower channel	All the time	<ul style="list-style-type: none"> ✔ Whistleblowing corruption, misconduct / discipline ✔ Whistleblowing complaints about human rights violations in the organization
Customers	Survey on customer's needs	Monthly	<ul style="list-style-type: none"> ✔ Credit product development and service provision that meet

Group of stakeholders	Tools	Frequency	Issues of impacts
Customers	Survey on customer's satisfaction	When using service	✔ Management of the standard of service provision that is fair and transparent to customers
	Service for listening to comments/ suggestions/ complaints/to help answering questions ✔ Online via social media ✔ Offline via the form to thank customer, hotline, and branches nationwide)	All the time	
	Whistleblower channel	All the time	✔ Whistleblowing corruption, misconduct/discipline ✔ Whistleblowing complaints about human rights violations in the organization
Shareholders / investors / creditors	Annual general meeting	Yearly	Operational performance and business growth report Election of the Company's directors
	Annual report and sustainability report	Yearly	✔ Operational performance and operational strategy plan for short/medium / long term ✔ Risks, challenges, industry trends, impacts and factors that may affect long-term results and business growth ✔ Impact of business operations on economy, society, environment and sustainable development
	Analyst meeting	Quarterly	
	Opportunity Day at SET	Quarterly	
	Other investor relations activities, travel, clarification of operating results / operations plans, investor relations hotline, email, investor relations website, branch and auction center visit		



Group of stakeholders	Tools	Frequency	Issues of impacts
Business partners	Business partner performance evaluation by referring to the economic impact, society and, environment	Yearly	<ul style="list-style-type: none"> ✔ Providing management beyond transparency and fair purchasing ✔ Maintaining relationships and assess the business direction of business partners in accordance with the sustainable development direction of the Company.
Competitors	Fair competition	All the time	<ul style="list-style-type: none"> ✔ Participating in Vehicle Title Loan Trade Association (VTLA) together with more than 30 trading competitors ✔ Vehicle Title Loan Trade Association support the Bank of Thailand to hold a meeting to comment on the improvement of sales documents to comply with regulatory criteria and create transparency and fairness for customers on 3rd May, 2019.
Community and society	Strengthening activities for communities and society (CSR Project)	Yearly	<ul style="list-style-type: none"> ✔ Project for the development on the quality of life of people in the community and society ✔ Impact from the Company's operations and guidelines for sustainable development for the economy, society and environment.
	Annual report and sustainability report	Yearly	
	Service for listening to comments/suggestions/complaints/to help answering questions <ul style="list-style-type: none"> ✔ Online via social media ✔ Offline via the form to thank customer, hotline, and branches nationwide) 	All the time	
	Whistleblower channel	All the time	

In addition, the Company has prepared the codes of ethics for each group of stakeholders which is included in Section 3: Role of Stakeholders in the Company's codes of ethics as follows.

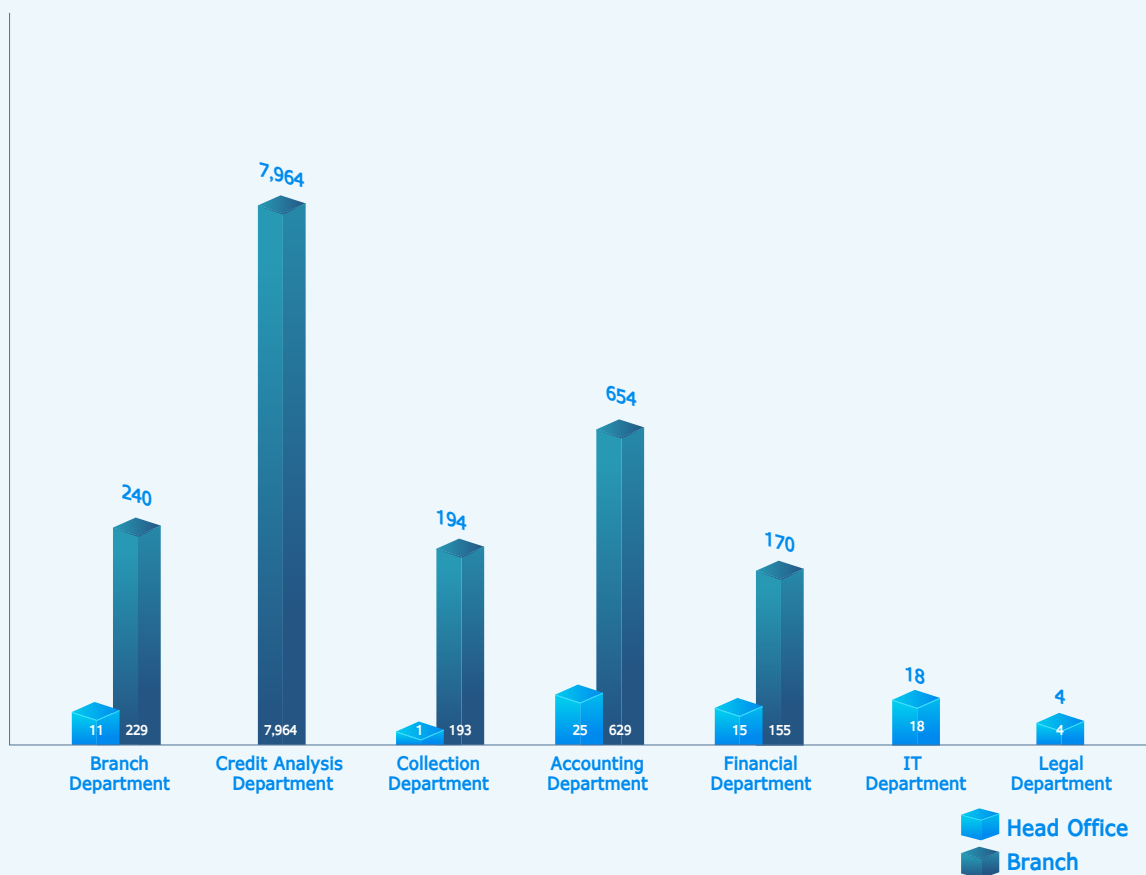
1. Personnel (directors, executives, and employees)

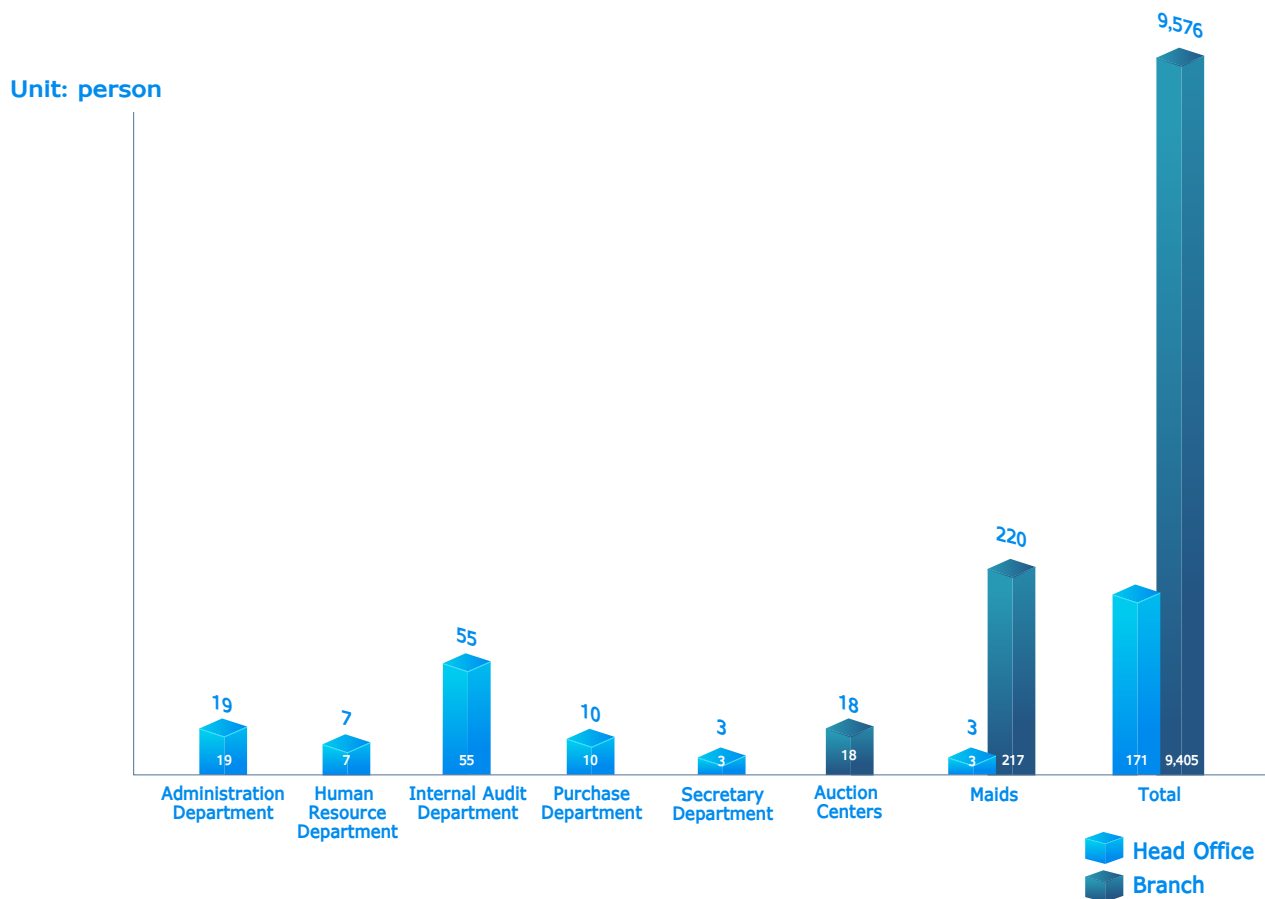
The Company is aware that to grow the business continuously and steadily for more than 27 years and to be able to grow sustainably in the future, the Company needs to receive the cooperation of all employees at all levels. The Company has always treated the personnel equally and considers that the welfares and the well-being of employees are the indicators of strength of the organization.

Number of personnel and diversity of personnel

As of 31st December, 2019, the Company has a total of 9,576 employees (not including 13 executives) divided by the main work lines as follows

Unit: person





However, in the year 2019, the Company has a total of 1,142 employees resigned or 11.96 percent of the total number of employees or representing a ratio of 47.11 percent of the total number of employees. They are employees whose work is less than 6 months old or have not yet passed a probation due to unable to comply with the Company's regulations strictly.

As the Company provides credit services to customers nationwide, the Company stipulates a policy of diversity in the organization with the confidence that the personnel of the Company Should understand the way of life of people in the community. Therefore, hiring personnel with diverse opinions and background will result in the Company being able to create sustainable relationships with employees, customers and communities.

Statistics of diversity of employees

Ratio of female employees to the total number of employees	10.42%
Ratio of female employees to the number of employees (in the head office)	38.59%
Ratio of female executives	23.08%

Statistics of diversity of employees

Hiring local employees	From 77 provinces nationwide (without intensive employment)
Hiring employees with incapacity or disabilities	3 employees
2 One employee sending documents	
3 One accounting employee	
4 One administrative employee	

Moreover, the Company has implemented other related policies aiming to support the quality of life and job security of employees as follows

Policy on respecting human rights

The Corporate Governance Committee has proposed to the Board of Directors on the improvement of the policy on respecting human rights of the Company to be in accordance with the principles of good corporate governance to be up to date at the board meeting No. 3/2019 on 7/5/2019 which the company has followed the policy on respecting human rights disclosed on the Company's website in 2019 as follows:

1) The policy on respecting human rights doesn't mean just the employees but also covers all stakeholders in the value chain of the Company.

2) The Company values and respects human rights by treating people or any group of people including all stakeholders of the Company with equality and fairness in physical difference, difference in gender, ethnicity, religion, social status, or political attitude.

3) The Company does not do anything that violates the rights and liberties of individuals or any group of people including all direct and indirect stakeholders of the Company whether physical abuse, verbal abuse, intimidation,

threatening, embarrassment, sexual harassment, insulting, etc.

4) The Company will neither use nor support all stakeholders of the Company to use all types of illegal labor including child labor and other illegal workers.

5) The Company provides communication and disseminate on human rights policies and practices for all stakeholders in the value chain of the Company so that all stakeholders can participate in humane business with respect to human rights in accordance with this Company's policy.

6) The Company monitors the respect on human rights in each operational process without negligence. If any act violating human rights occurs, the employees have a duty to report to supervisors or the person in charge. The Company has established a process to protect the person reporting the complaint or questions about behavior that violates human rights by stipulating the Whistleblower Policy. Such complaint will be directly sent to the Chairman of the Audit Committee.

7) The Company has a corporate culture that adheres to the respect of human rights that the employees will use as a guideline in working. Thus, the employees can work altogether in an environment that is happy and acceptable to one another. In addition, the culture reflects the operation by providing the highest



standard of service for customers of every gender, every day, every race and religion equally.

8) The Company has an evaluation process and identify the risk of human rights violations along with the impacts for the Company to be able to plan and set guidelines for resolving and preventing human rights violations

9) In the year 2019, the Company did not find any action that constituted a violation of human rights related to the Company or all stakeholders in the Company's value chain.

Remuneration policy

Remuneration of employees

The Company believes that the growth of the Company will not be possible without the employees who have confidence in the organization. The Company is determined to retain employees who are loyal, happy, knowledgeable and capable in various environments in the organization. The important factors to build confidence in the organization leading the organization to sustainable growth are the ability to attract potential personnel to be a part of the Company, ability to develop personnel and the ability to maintain personnel with the Company for a long time. Therefore, the Company has set a remuneration and welfare policy for employees by considering the appropriateness, fairness in line with the Company's turnovers. It is a strategy to motivate employees to work at full power and with maximum efficiency.

In this regard, the Company has set up a 360 degree performance evaluation system for employees as teamwork is the main organizational culture. Such evaluation was conducted in collaboration with the Human Resource Department and Internal Audit Department to provide opportunities for subordinate employees to evaluate their superiors or colleagues independently.

The Corporate KPI of the Company has been continuously developed until covering almost every dimension of operations in all parts of the

Company. The indicators will be transmitted from the Chief Executive Officer to the operational level employees who perform operations respectively. Thus, each employee will have their own indicators which correspond to the goals of the company in each year and the goals of the Company in the long term. Apart from being used as a tool to assess the performance and remuneration of employees, this indicator also assess the skills and knowledge of personnel to adjust the position and plan the development of knowledge skills for each employee for appropriate training both in short-term and long-term.

1. Salary and bonus remuneration

The Company has a policy to pay the remuneration to the employees based on knowledge, capability, duty and responsibility by taking into account the appropriateness, fairness, and in line with the industry average of the same industry. This is in order to maintain and enhance the ability to compete in human resources. Moreover, the Company pays the bonus by considering the turnovers in each year and the operational performance of each employee in order to thank, reward, and motivates the employees to perform their duties to the best of their ability and willingness. In the long term, the Company has set an annual salary increase for employees.

In 2019, the Company paid the remuneration to the employees (excluding 13 executives) in the amount of 2,962.58 million baht (in 2018: 2,188.69 million baht). Such remuneration includes salary, commission, bonus, allowance, etc.

2. Other remunerations

Apart from general remuneration, the Company also established the provident fund under the Provident Fund Act B.E. 2530. It was also funded by contributions from the Company and its employees, approximately 3-5 % of monthly salary. This provident fund is managed by the Kasikorn Asset Management and shall be paid to the employees when they resign from the Company according to the regulations on the Company's fund.

3. Fringe Benefits

In order to develop the environment in working for the employees, apart from providing fringe benefits to the employees as required by laws, the Company also improves the fringe benefits and additional benefits such as:

3.1) Insurance

✎ The Company provides health insurance, life insurance and accident insurance to facilitate the medical treatment as well as creating stability for the employees and their families. In addition, the company also provides special welfare as annual medical expenses for employees.

✎ The Company allows employees to buy Motorcycle Act and personal cars at a price for employees.

3.2) Benefits in the form of contributions

The Company provides benefits in the form of contributions for various occasions such as marriage allowance, financial support in case of childbirth. The Company and employees have established the Fund to help fellow employees in case of death in the family etc.

3.4) Motorcycle helmets

Due to the duties and responsibilities, most operational employees need to use motorcycle as vehicle to perform duties. Therefore, the Company provides helmets to employees according to the Company's safety policy. The employees are required to comply with laws that force motorcyclists to wear helmets every time for the safety of employees themselves and relieve the severity from unexpected accidents that may occur.

The safety index or the ratio of employees injured in work in the year 2019 is 1.47 percent (year 2018: 3.5 percent).

3.5) Relationship building activities

As working in team is considered the core of the operation to achieve success and the most effective and it is the main organizational culture of the Company, the Company has organized activities to connect relations between employees including New Year party activities, sporting events within the area nationwide, Company's annual tourism activities, marathon competitions organized by external organizations (through sponsors) including social activities (CSR). The employees are given the opportunity to contribute to society and the communities in which they are involved both in the development of education for preschool children (My new house project) in public health (Blood donation project for the Thai Red Cross nationwide), and religious maintenance such as the establishment of Kathin to promote the inheritance of culture according to good beliefs and build good relationships between the employees of the Company and people in the community and assimilated as part of the community.

Security policy

The Board of Directors has approved security policies to support the creation of a safe and hygienic working environment for employees.

Staff development policy

Training project to develop knowledge, skills, and competence

The Company is committed to retain talented employees to remain with the Company for a long time. Apart from the short-term and long-term remuneration structure, the Company has other measures in reducing the employee turnover rate such as satisfaction surveys and personnel development plans to allow employees at all levels to develop the progress. The training program is divided into 4 main categories which are

**Project of technology connecting us together**

Apart from the employee training program, the Company also uses technology to build relationships between employees, executives, as well as using technology as a tool for communication and knowledge exchange.

Program	Objectives	Target group	Evaluation methods
New employee orientation (17,850 hours)	The Company arranges new employee orientation training to introduce employees to the working environment, corporate culture as a part of the organization as well as understanding the Company's vision, goals and mission	All new employees	Assess behaviors after training
Training to create knowledge and understanding in the operation ✔ Excellent service (23,922 hours) ✔ Negotiation techniques for debt collection via telephone and field work (16,662 hours)	It is a training program for employees at all levels. The goal is to satisfy the Service Excellence Policy for the slogan "Intimate services like closed family members" which is the heart of our operations in order to achieve our goals. The employees will learn about the theory and problem solving skills both at the personal and organizational levels in order for employees to have knowledge and understanding of work as prescribed by law and regulations of the department.	All levels of employees	Assess behaviors after training, measure the knowledge and understanding

Program	Objectives	Target group	Evaluation methods
Management technics (1,638 hours)	As the Company's management system is the decentralized, training to increase leadership skills of executives from middle to high level is considered essential for teamwork.	Medium – top executives	Assess behaviors after training
Interested topic (optional)	Each employee is able to participate in training on topics that interest them or is related to their duties and responsibilities in order to develop more skills and knowledge.	All levels of employees	Measure the results or measure the knowledge and understanding
✔ Supply Chain Management Training 4th Class organized by SET (24 hours)	Sustainable supply chain management, analysis and understanding the Upstream supply chain management and the Downstream supply chain management	Purchase employees - Medium executives	Report to the department heads to assess the training
✔ Annual Report (56-2) and Integrated Reporting Concept according to the principles of Integrated Reporting No.1/62 organized by the Federation of Accounting Professions (24 hours)	Issues on the preparation of Annual Report and principles of Integrated Reporting	Company's secretary and investor relations	Results after training
✔ Training on the Setportal system use (6 hours)	Preparation for the users of Setportal system	Secretary	Report to the department heads to assess the training



Program	Objectives	Target group	Evaluation methods
✔ MTCNA program (12 hours)	To know the function of RouterOS	IT support employees	Report to the department heads to assess the training
✔ Training on the employers to be responsible for money repayment following the Act of Student Loan Fund B.E.2560 (12 hours)	To know the process of money repayment to Student Loan Fund according to the Act B.E.2560	Human Resource Department and Financial Department	Report to the department heads to assess the training
✔ Program of risk management and anti-corruption (36 hours)	Increase auditing skills to prevent fraud	Head of Audit Department	Report to the department heads to assess the training
✔ Brand Experience Management Program (Branding and increasing business value to manage a good experience for customers (6 hours)	Develop employees to provide excellent service to customers	Administration Department at the Head level	Report to the department heads to assess the training
✔ Program on Automate workflow and data visualization on ACL Cloud (6 hours)	To learn about the system for storing and controlling documents in the system	Accounting Department at the Head of Department level	Report to the department heads to assess the training
✔ Program on IT Compliance (6 hours)	Build knowledge and understanding of laws related to technology and information supervision.	IT support Department	Report to the department heads to assess the training
✔ Regarding the employment law for persons with disabilities in the workplace (12 hours)	To increase skills, knowledge, and guidelines for remitting contributions to the disabled fund	Human Resource Department at the Head of Department level	Report to the department heads to assess the training

Program	Objectives	Target group	Evaluation methods
✔ Training on Fortinet 361 Security 2019 (6 hours)	Develop knowledge of cybercrime prevention	IT support Department	Report to the department heads to assess the training
✔ Course to Know New Law Step into the digital age (24 hours)	Increase skills and knowledge in working.	Financial Department at the Head and employee level	Report to the department heads to assess the training
✔ Discussion meeting on debt collection practices (6 hours)	Increase knowledge and understanding in customer monitoring operations	Company's lawyer	Report to the department heads to assess the training
✔ Deferred income tax / accounting principles and taxation, differences, and similarities (12 hours)	Develop knowledge and understanding in accounting and tax refund	Accounting Department at the Head of Department level	Report to the department heads to assess the training
✔ Training on the social security 2019 (12 hours)	Develop knowledge and understanding in social security	Human Resource Department	Report to the department heads to assess the training
✔ Program of business and human rights (12 hours)	Develop knowledge and understanding in the code of practice on human rights	Human Resource Department	Report to the department heads to assess the training
✔ Meeting the problems with customers from the interest calculation method (4 hours)	Develop particular knowledge to be used in the operation	Accounting Department at the Head of Department level	Report to the department heads to assess the training
✔ Training on the land tax (6 hours)	Develop particular knowledge to be used in the operation	Accounting Department at the Head of Department level	Report to the department heads to assess the training

Program	Objectives	Target group	Evaluation methods
✔ Discuss the guidelines for issuance of a car registration pledge association (3 hours)	Develop particular knowledge to be used in the operation	Accounting Department at the Head of Department level	Report to the department heads to assess the training
✔ Green Bonds (4 hours)	Develop and increase the investment skills	Financial Department employees	Report to the department heads to assess the training
✔ YPO : PERSONAL ASSISTANT WORKSHOP (8 hours)	Develop the work of a secretary to have more talents	Company's secretary	Report to the department heads to assess the training

In the year 2019, the Company has an average rate of training hours for employees of 6.30 hours per person (2018: 9.19 hours per person) and the expenses for the training program are 9.00 million baht (2018: 10.77 million baht).

Remarks: Training plans have been changed regarding excellent service. Previously, all employees were required to attend the training every year. It is required that employees in each district take turns to attend the training, with the year 2019 employees in the central region and the eastern region, totaling 3,987 people.

MUANGTHAI CAPITAL

Number 1 of Loan Service Providers
Most Branches
Most Services

MTC University Platform

It is a digital platform that can be applied to manage various matters in the organization including connections and sharing knowledge Company's information, market data, various databases including knowledge in various fields which is in the interest of employees and executives. In other words, it acts like a library which all employees can access. The objective of such digital platform is to create a learning culture of the organization to develop personnel and to extend the potential of personnel to not stand still and keep up with current competition. In addition, the knowledge that has been collected in the digital platform is also a tool to help transferring knowledge to new employees as well.

MTC Forum Platform

It is a digital platform for inquiry focusing on two-way Communication and collaboration between employees, employees and superiors or executives, and superiors or executives with employees. This results in the sharing of learning more efficiently. Such platform has the function for searching making the search for knowledge or information been asked, answered, collected, and displayed quickly and easily.

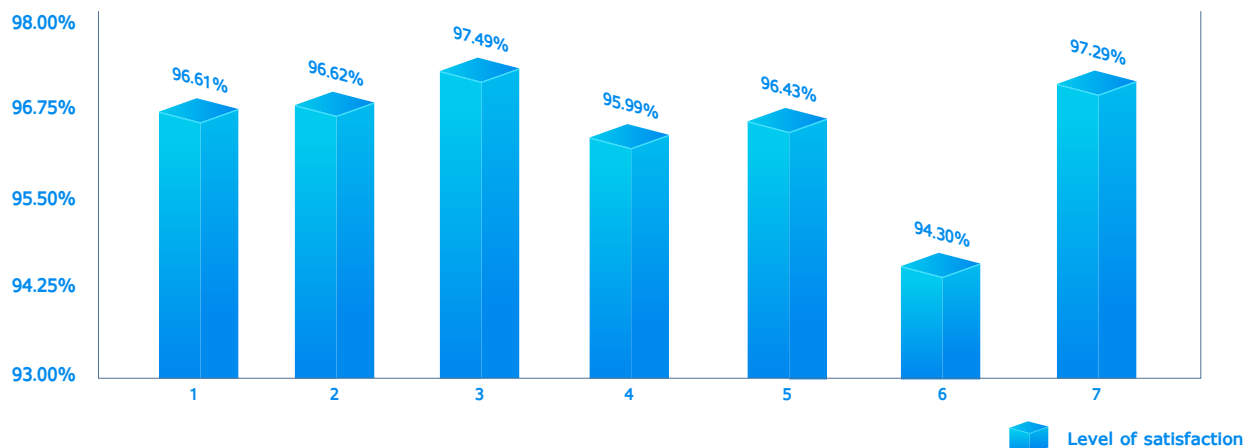
Employee Satisfaction Survey Program

Annual employee satisfaction survey

In the year 2019, the Company conducted a survey of employee satisfaction through the computer network in the department as. The Company faced the problem of the resignation rate of employees who work less than 3 years continuously high. This can find the reason for resignation and to use the analysis results to improve the Company's sustainability operations. The results of the employee satisfaction survey for the year 2019 under the 7 aspects are as follows:

1. Appropriateness / satisfaction of employees towards the working environment with the Company
2. Satisfaction of employees regarding work in their responsibility
3. Positive opinions and views on their colleagues and supervisors
4. Employee's satisfaction regarding remuneration and welfare received from the Company
5. Employee's satisfaction with human resource development for career advancement in the organization
6. Employee's satisfaction regarding the quality of life and work
7. Employee's satisfaction in continuing working with the Company

Results of the employee satisfaction survey are as showed below:



✔ Important labor disputes

-No-

1. Customers

The Company has a business centric approach under the slogan “Intimate services like closed family members”. The Company has set policies and guidelines for customers that focus on responsibilities to customers. It covers the needs of customers, customer’s satisfaction, and rights of customers. In the year 2019, the Company has cooperated very well with the government particularly in the response to the policy of overseeing the household debt problem of the Thai household sector of the Bank of Thailand. The codes of practice must be in accordance with the following principles. The Company arranges for a thorough evaluation of customer debt service ability by focusing on customers not to create excessive debt and have enough net money left to live.

✔ The Company provides a thorough evaluation of the ability of customers in debt repayment by focusing on customers not to create excessive debt and have enough net money left to live.

✔ The Company develops, designs, and offers credit products that are in line with

customer needs correspondent with the long-term financial security.

✔ The Company undertakes appropriate marketing promotions and does not stimulate unnecessary debt.

As a result, the Company has guidelines for managing responsibility with customers as follows:

Responsibility for customer’s needs

The Company believes that listening to the needs of customers is an important step in the Company’s sustainable development. The goal of the loan product improvement and services in accordance with the actual needs of the customer is another way to develop financial access for people in the country. Based on the experience of being a microfinance loan provider for almost 3 decades, the Company has studied and found that the customer’s primary need is to get a quick cash loan approval. The amount of money must be sufficient for the need for money, not more than the ability of debt repayment and not too small that cannot sufficiently meet the needs or too much when compared to the value of assets until causing a high bad debt rate and

too little when compared to the value of assets until being unfair. The interest rates are fair, transparent, uncomplicated and can be easily understood. Besides, receiving polite, sincere, and thorough service, which the company has consistently delivered microfinance loan products with all such components to our customers through branch expansion makes us reach customers thoroughly.

However, in the year 2019, the Company has added new loan product which is a motorcycle hire purchase loan to respond to the needs of existing customers of the Company who are customers with good payment history and may in need of hire purchasing a new bicycle at a fair interest rate possibly reflecting the true credit risk.

Responsibility for customer's satisfaction

The Company develops the ways for customers to express their opinions in order to improve credit products and services. In addition, the Company uses the results from customer satisfaction evaluation to be used as one factor in employee performance index which affects employee's remuneration. We provide the form for thanking customers that are created and sent directly to customers by the Company via post and have the customer responding to the form to assess the said satisfaction via postal delivery (registered by the company) back to the head office of the company directly. To ensure that the views obtained from customers are truly independent, the Company also gives customers the opportunity to criticize the service through other channels such as hotlines, email, social media, both Facebook and LINE applications, including Whistleblower channel. The Company found that the hotline and social media are the most popular and effective ways to communicate.

Moreover, in the year 2019, the Company has introduced technological innovations to improve the customer experience as follows:

- ✔ Cross-bank Bill Payment system in collaboration with K-Plus service to increase convenience for customers to pay installments apart from the payment methods at branches and counter service without service fees.

- ✔ AI Chatbot service in Facebook Messenger to provide information and answers to customer-questions quickly and efficiently 24 hours a day

Responsibility for customer's rights

The Company operates the business with responsibility to the rights of customers and has a policy not to take any action which will violate the customer's rights. For example, the right to make financial decisions means the right that customers will be able to decide to request the amount of credit that the customers are satisfied with. The Company will neither intrude nor press the credit limit over than the amount deemed necessary by the customers. In this regard, the Company has arranged a due diligence process apart from the asset valuation process in order to thoroughly assess the ability of customers for the debt repayment. This can prevent customers from creating more debt and have sufficient net funds left to live. It includes the right to receive transparent interest rates and fees, the right to receive clear communication regarding interest rates, fees and conditions, the right to receive services with respect and polite including debt collection following Debt Collection Act, and the right to express opinions or complaints. The Company has established various Whistleblower channels as mentioned above. However, in the year 2019, as the Company is aware of the rights of personal information of customers, the Company has set a policy to protect personal information and the stability of the information system as disclosed on the

Company's website. This can be used as the guideline for protecting personal information of customers, employees and business partners of the Company in accordance with the promulgated Personal Information Act as well.

2. Shareholders / investors / creditors

The Company respects the rights of shareholders, investors and creditors equally by attaching great importance to the disclosure of financial information and general information correctly, sufficiently, transparently, and in a timely manner for shareholders, investors, and creditors to make decisions and fully participate in the expression of opinions according to their rights. The Company provides the dissemination of news and information via the investor relations channels, various media and investor relations activities by establishing the investor relations department to be responsible for communication, answering questions to shareholders, investors, creditors and other stakeholders.

3. Business partners

The Company attaches great importance to the selection of suitable partners by ensuring that the selection process and treatment of business partners are fair and equitable. The Company places great importance on having a reputable partner with good ethics and professionalism who can comply with the specified conditions. In the year 2019, the Company improved the supply chain management policy by specifying the effects and economic risks, society and environment of business partners in evaluating key business partners of the Company such as the risk of violating environmental and labor laws, etc., in order to contribute to sustainable business development.

4. Competitors

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 seek for others' trade secrets dishonestly and inappropriately; and no attempts to infringe others' copyrights or their intellectual properties as well as supporting collaboration with trade competitors which will benefit consumers that is not a monopoly of market share.

6. Community and society

The Company is committed to being "Responsible microfinance loan provider" covering sustainability in 3 dimensions as follows:

6.1 Economic sustainability

The main goal of economic sustainability is the development of access to funding and the reduction of economic inequality of people. This is reflected in the Company's business philosophy (CSR-in-process) whether in credit products, interest rates and fees, service standards, and the performance index of the Company. Moreover, in the year 2019, the Company also initiated social activities (CSR-after-process) in response to the goal of reducing the household debt in the public sector of the Bank of Thailand with the "Knowing to earn and purchase" project and in conjunction with AMC in the "**Debt Clinic**" project. As the Company can truly access small and medium sized people, those projects support the creation of financial discipline for the Company's customers and general public by creating a revenue-expense accounting program in accordance with the principles of the Bank of Thailand open for the company's customers and the general public to download the program from the Company's website to be used without charge. The program can analyze spending habits. Or if customers and the general public need a revenue-expense account book, it can be received from every branch of the Company.

6.2 Social sustainability

The Company has set a strategy to develop social sustainability by focusing on the development of communities and society to be strong and become part of the community starting with the development of the directly interested parties, namely personnel and customers of the company first. Since both direct stakeholders are people from the communities where the branches of the Company are located, if the stakeholders of the Company are already strong, the Company will then be able to deliver strength to the community in other areas through social activities annually as follows.

1) In education

The Company implements the project of child development centers under the name of **“My New Home (Ban Mai Kong NOO)”** which has been continually operated every year. In this regard, the Company has built a total of 12 centers nationwide. In the year 2019, the Company organized the construction of 4 additional child development centers, which are 1. Banthaeowitthayakarn School Child Development Center, Phra Nakhon Si Ayutthaya Province, 2. Ban Nong Wa Child Development Center, Khon Kaen Province, 3. Ban Nong Kung Child Development Center, Surin Province, and 4. Bang Ngon Child Development Center, Surat Thani Province. The total value is over 4.2 million baht. In addition, the Company also monitors the operations of the centers in accordance with the objectives of the Company and performs the operation efficiently. This can be assessed by the number of children supervised under the Child Development Centers built by the Company.

2) In public health for communities

The employees of the Company have consistently supported the blood donation program. Each year the Company's employees have blood donation at various hospitals and the Thai Red Cross nationwide. In the year

2019, the Company had 6,325 blood donors (300 cc per person), totaling 1,897,500 cc of blood. In this regard, the top management of the company, Mr. Banyat Nilsiri has donated blood for the 10th consecutive year and received a medal from Princess Maha Chakri Sirindhorn which is the proud of the Company's employees.

3) In religion and culture

The temple is still considered a center of the mind of the people in the community. Therefore, participating in the Kathin ceremony of the temple by rotating around the communities with the objective of preserving cultural traditions is to build good relationships and be a part of the community. In the year 2019, the Company collected Kathin money in the amount of 5,557,346.50 baht to the temple as follows:

✔ Chong Kum Temple, Chong Kum Sub-district, Watthana Nakhon District, Sa Kaeo Province, in the amount of 1,398,153 baht.

✔ Don Si Daram Temple, Huai Yang Sub-district, Mueang Sakon Nakhon District, Sakon Nakhon Province, in the amount of 1,381,119.50 baht

✔ Mae Chiang Rai Lum Temple, Mae Phrik Sub-district, Mae Phrik District, Lampang Province, in the amount of 1,382,853 baht

✔ Nong Che Temple, Wang Hin Sub-district, Bang Khan District, Nakhon Si Thammarat Province, in the amount of 1,395,221 baht

Additionally, the scholarships and student supplies were granted to 12 schools in the amount of 200,000 Baht each.

6.3 Environmental sustainability

Business does not have a direct negative impact on the environment, the Company cannot deny that the existence of the Company does not affect any to the environment because the Company still uses natural resources with the

use of fuel and electric power. Moreover, climate change is considered a risk which directly affects the sustainability of the Company as more than 32 percentage of the Company's customers is farmers whose output and income directly depend on the climate. Therefore, climate change will inevitably affect the income security of farmers and affect the quality of the Company's debt in the long run. Therefore, the Company has put forth great effort in applying the concept of good citizenship of business organizations consisting of good behaviors and responsibility to the environment as a citizen of society through policies and strategies to reduce negative environmental impacts including:

1) Environmental management

Environmental management policy which focuses on reducing carbon footprint resulting from our business activities consists of waste management measures through recycling and paper usage reduction by developing the Company's internal information management system, energy efficiency, and value recognition such as investing in a green head office building, project of turn off for change for saving electricity usage in the office, etc.

2) Supply chain management

Supply chain management policy is an attempt to stimulate and support the stakeholders of the Company taking into consideration the environment through the improvement of procurement policies and improving methods for evaluating business partners of the Company.

In the year 2019, the Company is in the process of constructing a new head office building which is a LEED Certified green building and received

the Asia Pacific Property Awards 2019 - 2020 in the Best Commercial High-Rise Architecture Thailand category in collaboration with International Property and Forbes Magazine. The new head office building will be a building that saves energy and resources as well as significantly reducing the impact on communities and the environment. In addition, the Company has disclosed environmental data to CDP.

Section 4: Disclosure and Transparency

1. Information disclosure

✔ In the year 2019, the Company disclosed important information through channels that can access information easily, conveniently, and reliably such as the website of the Stock Exchange of Thailand (www.set.or.th), the website of the Securities and Exchange Commission (www.sec.or.th), the website of the Thai Bond Market Association (www.thaibma.or.th) and the Company's website for investor relations (investor.muangthaicap.com).

✔ The Company shall submit the financial reports without the transaction conditionally comments by the auditor, explanation of executives, presentation document, Disclosure Report on Additional Information (form 56-1), Annual Report (form 56-2), and sustainability report to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand within due period.

✔ The Company discloses information in accordance with the principles of good corporate governance which includes information and company information including the mission, vision and values of the Company, financial information, stock information, shareholders' information such as list of major shareholders,

Good Corporate Governance Policy, and other company policies, investor relations calendar, information and dividend payment policy, shareholder meeting, SET news, news from publications, Company's analysis including policies and strategies for sustainable development on the Company's website for investor relations correctly, completely, and timely

✔ The Company discloses the criteria for the remuneration of directors and executives in the annual report.

✔ The Company discloses the information regarding the shareholding of directors and executives by stipulating that it is a policy for directors and executives to report the following transactions:

- Trading of the Company's shares: The policy is set for all directors, executives and management including close people (spouse and underage children) to refrain from buying, selling or transferring shares of the Company in the period before the disclosure of the financial statements. In the event that the financial statements have been announced to the public, if there is a trade, it must be notified to the Company's secretary in order to prepare a report on changes in securities holding (Form 59-2) to the SEC within the specified time and report the securities holding of directors to the Board of Directors meeting on a quarterly basis.

✔ Connected transactions and reports of interest of directors and executives to prevent conflicts of interest. There are reports and requests for approval in accordance with the Notification of the Capital Market Supervisory Board on the rules for making connected transactions.

✔ In the year 2019, the company has never been supervised or accused by the regula-

tory agency because of not announcing the information from important events within the specified period or the disclosure does not meet requirements.

2. Agency and investor relations activities

The Company has assigned the Investor Relations Department as the central unit that has the duty and responsibility to communicate with shareholders, investors and other stakeholders of the Company regarding the information disclosed by the company which can be contacted directly to inquire or request additional information via the following channel:

Investor Relations

Muangthai Capital Public Company Limited
32/1 Jaransanitwong Road, Bang-or, Bang-
plad, Bangkok 10700

Tel: 0-2880-1033 Ext.214

Fax: 0-2880-1733

Email: sarocho.h@muangthaicap.com

✔ Investor relations activities

In the year 2019, the Company assigned the Investor Relations Department to take a group of domestic and foreign analysts and investors to visit the branch business both in Bangkok and other provinces. In addition, the Company also arranged the activities to visit the asset auction centers of the Company to introduce the operating procedures of the Company for End-to-End Process including meeting with personnel and the Company's customers apart from the investor relations activities that used to be done as well.



Statistics of investor relations activities in 2019

Investor relations activities	Times
Opportunity Day	4
Meeting with investors / analysts	71
Participating in conferences in the country	5
Participating in conferences in foreign countries	
✔ Singapore	4
✔ Malaysia	1
✔ Hong Kong	1
✔ Taiwan	2
✔ Japan	1
✔ Europe	-
✔ America	1
Securities Analysts Meeting	-
Visit to the establishment / auction	2
Total	92

✔ Involvement of senior management

Senior management of the Company attaches great importance to investor relations activities by participating in the planning and regularly attending to provide information and exchange opinions with shareholders, investors, analysts and journalists for the said stakeholder able to access the Company's information accurately, completely, transparently, and timely, especially important information which may affect the price of the Company's securities. This includes monitoring the performance of the Investor Relations Department to evaluate the achievement and report to the board quarterly.

Section 5: Responsibilities of the Board of Directors

Muangthai Capital attaches great importance to the determination of the Board's responsibilities in order to protect the interests of shareholders and all stakeholders by formulating a transparent business strategy and subject to various related rules and regulations. This includes considering the examination of operations to ensure that the Company has an internal control system that is appropriate, sufficient and effective.

✔ To improve the Company's sustainable development, the Board reviews annual corporate governance and business ethics policies to be

appropriate and fair to all stakeholders of the Company as well as allowing executives to carry out general announcements including disclosure on the website for executives, personnel, and stakeholders of the Company to understand the principles of good corporate governance and business ethics that personnel and stakeholders must adhere to and follow correctly and appropriately.

✔ The Board of Directors defines and reviews visions and the mission of the organization on a regular basis for all personnel to adhere to the guidelines in order to achieve the specified results.

✔ In the year 2019, the Board reviewed annually on the medium-term business plan for the last 3 years from 2017-2020 and supervised the management to follow the planned strategy as well as listening to the report on the operational results on a quarterly basis. The company has adjusted the loan growth target to the annual rate of 40, 30 and 25 percent, respectively. This is in line with the growth target. Apart from the plan to expand the number of branches in order to improve the ability to access the customer's funding source, the Board has promoted credit extension products and the use of payment facilitation technology to improve customer experience and enhance the Company's competitiveness.

✔ As the Board of Directors has a duty to look after stakeholders with responsibility to human rights including privacy, the privacy policy and information systems security has been approved for the stakeholders of the Company to be confident that the personal information that has been given to the Company for the use and storage will be supervised to prevent misuse. In addition, the Risk Management Committee is responsible for risk management planning for data retention, information

technology, and the risk of cyber threats to provide an adequate and effective internal control system being closely monitored for the mentioned risk situation.

Internal control and internal audit

The Company recognizes the importance of having good internal control system by having the Internal Audit Department which is an independent operating unit. Therefore, it has a duty to report directly to the Audit Committee to ensure that the Company has sufficient internal control systems. The Company establishes an internal control system and risk management in accordance with the framework of internal control system of international standards of COSO-ERM. This can be divided into 5 components as follows:

1. Control Environment

✔ The Company has determined that the organization structure is transparent and auditable by specifying an Audit Committee and the Internal Audit Department that operates independently. The presence of independent directors is in sufficient and appropriate proportion with independent director as the Chairman of the Board of Directors.

✔ The Company also stipulates that every step of the Company's operations must be transparent with an internal control system that is appropriate, sufficient, and effective. There is a balance of power and mutual review which can be inspected.

✔ The Company has external auditors from world-class organizations that are reliable.

✔ The Company has set various policies related to good corporate governance in order to be transparent and fair to all stakeholders.



2. Risk Assessment

✔ The Company has established a risk management committee and has a risk management and legal department by reporting to the management and the risk committee every quarter.

✔ The risk management and law department has assessed the risk factors, opportunities and the impact of events which may affect the achievement of the Company's objectives and goals including establishing strategies and practices to manage, reduce, limit or eliminate risks.

3. Control Activities

✔ The Company has specified control activities at all levels and all departments of the organization such as policies, procedures, procedures for approval, determination of power, validation Interim review as well as allowing all executives to review and improve control activities to increase efficiency and effectiveness in preventing or reducing damage which may be unable to achieve the objectives and goals of the Company.

4. Information & Communication

✔ In order to have appropriate, effective and effective internal control, the Company has consistently promoted, supported, and invested in the development of information technology and information security systems including setting information and information security policies to provide various information. The meaning is not limited to financial information that is accurate, timely and reliable, the effective company information technology system includes sufficient data security because of the data collection

process, data processing, data capture, and data recovery. So, the Board of Directors, executives and operations can use the information to make decisions and can perform the operation.

✔ The Company has provided auditors for information systems and information security from world-class organizations that are reliable as well as report to the audit committee every quarter.

✔ The Company provides intranet systems and platforms such as the MTC University platform and the MTC Forum platform to be used as communication channels in the Company in the dissemination of policies, regulations, orders and operational guidelines including news thoroughly.

✔ In the year 2019, the Company set up a privacy policy in order to be transparent and fair to the stakeholders and have a tighter data care system.

5. Monitoring Activities

✔ The Company has a process for monitoring and evaluating to ensure that internal control is regularly performed and the internal control system is still sufficient, appropriate and effective in line with environmental changes. The follow-up process consists of:

- KPI evaluation is an evaluation of the operations by executives, department heads and employees both periodically and occasionally.
- Audit by the Internal Audit Department which operates independently and has a dual report to the Audit Committee and the executives directly.

Internal audit

Internal Audit Department

The Company's internal audit department performs duties independently. There is the highest person responsible for internal auditing to report directly to the Audit Committee and management (Dual Report). At present, Mr. Chalerm Inhom is the assistant manager of the audit department And the secretary of the audit committee with more than 20 years of work experience in internal auditing related to the Company's business.

✔ Operation of Internal Audit Department

- Annual internal audit plan

The Internal Audit Department prepares annual internal audit plan based on the risk assessment results of the Risk Based Basis and presented to the Audit Committee for approval of the plan. The plan may be requested to be revised during the year if there are significant new risks.

- Audit process

The Internal Audit Department performs the internal audit according to the standards of internal audit and ethics of the auditor. The scope of the audit covers the operations of the Company's branch offices which spread throughout the country and its subsidiaries.

- Presentation of audit reports and monitoring the results

The Internal Audit Department is responsible for reporting the results of internal audits and reviewing internal control systems to those responsible for the departments that have been

audited and follow up the results of the solutions to report to the management on a monthly basis and report to the Audit Committee quarterly.

✔ Internal Audit Personnel Development

- Training for personnel development on the knowledge of internal auditing standards

In the year 2019, the Head of Internal Audit Department stipulated that 15 internal audit officers should be trained in courses related to internal audit standards and ethics of internal auditors.

- Number of internal audit employees

As the Company has business growth and an expansion of 828 branches in 2019, there is total number of branches at the end of 2019 of 4,107 branches spread throughout the country. The Internal Audit Department, therefore has to have sufficient number of employees to carry out internal audit work that covers the operations of the branch office in order to ensure that the Company's internal control system is still appropriate, sufficient, and effective. At the end of 2019, the Internal Audit Department has a total of 55 internal audit employees which is the number that the Audit Committee and the management believe it is appropriate and sufficient.

Control and improvement on the audit quality

In the year 2019, the Board of Directors has appointed external consultants from Dharmaniti Public Company Limited, a leading professional organization in law, accounting, taxation, auditing and internal audit, to assess the quality of the Company's internal audit. This should be practiced

every 5 years in accordance with the guidelines for complying with the compulsory components of the International Internal Audit Professional Framework. The purposes of the plan for this year are;

- 1) To enhance knowledge and understanding of detailed planning, reviewing the flow chart, control points and key risk assessments, establishing an audit program, reporting and closing checks and the feedback tracking system according to the internal audit standard
- 2) To develop knowledge, skills and competencies for employees considered by the business to perform the duties of internal auditors with workshops in detailed planning, reviewing the flow chart of the control points and risk assessment, the preparation of the audit program, reporting and closing checks and the feedback tracking system
- 3) To ensure that the Company's internal auditor has performed the operation in accordance with the International Professional Practices Framework (IPPF).

However, as on 31st December, 2019, the Company is still in the process of assessing the quality of the internal audit in the initial stage and the second phase of the evaluation plan will be started by 2020. Then, the assessment results will be reported in the 2021 Sustainability Report.

Adding value to the Company

In the operation or any evaluation that requires independence, fairness and honesty, the Internal Audit Department will be entrusted by the Board and executives to act as an intermediary in the operation. This is because the Board and the executives are confident in the ethics of the

internal auditor. The operation or the evaluation may not be directly related to the responsibility of the Internal Audit Department such as being an intermediary in evaluating employee satisfaction or interviewing employees before resigning, helping to investigate for fraud cases etc.

Anti-Corruption

The Company attaches importance to all forms of anti-corruption by raising awareness among executives and employees of all levels of the company to be aware of the effects of corruption and create correct values for executives, employees and all stakeholders. In the year 2019, the Company has developed a leap forward in the area of anti-corruption as follows:

✔ Anti-Corruption Policy and the Private Sector Collective Action Coalition Against Corruption (CAC)

Apart from treating corruption under the principles of ethics and morality, Muangthai Capital adheres to the anti-corruption policies and practices. In 2019, the Company has been certified as a member of Private Sector Collective Action Coalition Against Corruption since 18th October, 2019, which is considered a significant development in confirming the Company's commitment and intent to conduct business under the principles of good governance and pay more attention to prevention and anti-corruption in all forms. This can be used as a guideline for sustainable success. In this regard, the Company's anti-corruption policy has been disclosed on the Company's website in order to communicate to employees, trade partners and all interested parties to be informed and act accordingly. If there is a violation of the policy and guidelines, the Company will take disciplinary action according to the policy.

✔ Whistleblower Channels

The Company has set Whistleblower Policy and clearly disclosed including disclosing Whistleblower Channels on the company website in the section of “**Contact Us**” for employees and stakeholders of the Company to be acknowledged in general. Apart from stipulating such policy, Whistleblower Channels and clues, the guidelines for the protection of Whistleblower are also set. In this year, the Company did not receive any reports or clues about corruption through the whistleblower channels. However, there have been 5 reports and reports of fraud and fraudulent activities through the Company’s Facebook channel, which leads to the process of investigating and punishing according to the Company’s policy and the law eventually.

Whistleblowers can report complaints or clues by clearly specifying that it is a confidential document through the following channel.

Contact : Chairman of the Audit Committee

Address : Muangthai Capital Public Company Limited

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

Tel : 0-2880-1033 Ext.214

Email : whistleblower@muangthaicap.com

✔ Training on operations in accordance with anti-corruption policies and practices

The Company arranges employees and executives to participate in training to understand the policy and guidelines for anti-corruption which is considered as compulsory training in orientation training.

Report of Whistleblowing	Total 5 Cases	Process
Fraudulent/Corruption	5	Investigated and Disciplinary Action Completed
Conflict of Interest	-	-
Human Right	-	-
Insider Trading	-	-
IT Security and Personal Data Privacy	-	-
Inaccuracy of Financial Reporting, Defective Internal Control and False Financial Statements	-	-
Other misconducts ex. Code of Conduct Violation, Wrongful Liability of Officers	-	-



Connected Transactions

Details of connected transactions

In 2018-2019, the Company has connected transactions with connected persons as follows.

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2019	Year 2018	
Mr. Chuchat Petaumpai	<p>✔ Mr.Chuchat Petaumpai is Chairman of the Executive committee and holding 1,430,056,400 shares (including the spouse's holding) equaling to 67.45 of fully paid-up share capital as at 4 December 2019</p> <p>✔ Spouse of Mrs.Daonapa Petampai</p>	1. Building rental	2.54	2.54	<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 2018 to 31 December 2020 and No.8 with 3 year lease contracts starting from 1 October 2019 to 30 September 2022 with following details.</p> <p>1. Shophouse with 4 storey 1 unit address: 230/6 Boromtrailoknard Road, Naimuang, Muang, Phitsanuloke</p> <p>2. Shophouse with 3 storey 2 units address: 28/103-104 Singhawatt Road, Naimuang, Muang, Phitsanuloke</p> <p>3. Shophouse with 3 storey 3 units</p>

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2019	Year 2018	
					<p>Srimala Road, Naimuang, Muang, Pichit</p> <p>4. Shophouse with 3 storey 2 units address: 58/38-39 Tambol Baanklang, Muang, Lampoon</p> <p>5. Shophouse with 3 storey 2 units address: 811/41-42 Mitrphab Road, Naimuang, Muang, Phitsanuloke</p> <p>6. Shophouse with 2 storey 2 units address: 187/13-14 Phrompiram-Nongtom Road, Matong, Phrompiram, Phitsanuloke</p> <p>7. Warehouse 1 unit address: 462/3 Pichai- songkram Road, Naimuang, Muang, Phitsanuloke</p> <p>8. Shophouse with 4 storey 2 units address: 462/11 Pichaisongkram Road, Naimuang, Muang, Phitsanuloke</p> <p>The rental rates are in accordance with the fair rental value provided by the American Appraisal</p>



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2019	Year 2018	
					(Thailand) Co.,Ltd, the independent appraiser approved by the Office of the Securities and Exchange Commission. The valuation is for public objectives.
Mrs. Daonapa Petampai	<p>✔ Mrs. Daonapa Petampai is the Company's Managing Director and holding 1,430,056,400 shares (including the spouse's holding) equaling to 67.45 of fully paid-up share capital as at 4 December 2019</p> <p>✔ Spouse of Mr. Chuchat Petaumpai</p>	1. Building rental	4.05	4.05	<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 2018 to 31 December 2020, with following details.</p> <p>1. Five storey building with 540 sq.m. space (Head Office) address: 32/1 Jaransanitwong Road, Bangaor, Bangplad, Bangkok</p> <p>2. Shophouse with 2 storey 2 units address: 28,30 Jarotvi- teetong Road, Muang Sawankaloke, Sawankaloke, Sukhothai</p> <p>3. Shophouse with 3 storey 2 units address: 88/1 Samak- kichai Road, Naimuang,</p>

Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2019	Year 2018	
					<p>Muang, Petchaboon</p> <p>4. Shophouse with 4 storey 2 units address: 176,178 Ratdamri Road, Namuang, Muang, Prachinburi</p> <p>5. Shophouse with 4 storey 1 unit address: 2/10 Angthong -Singhburi, Taladluang, Muang, Angthong</p> <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.</p>



Connected Person	Nature of Relationship	Type of Transaction	Value (Million baht)		Necessity and Reasonableness of the transaction
			Year 2019	Year 2018	
					The valuation is for public objectives. The rental rates for item 6-7 are the same market rate which the Company paid for renting other nearby shophouse from external party.
Mr. Surapong Pechaumpai	<ul style="list-style-type: none"> Mr. Surapong Pechaumpai is a member of the Executive Committee and Deputy Managing Director Brother of Mr. Chuchat Petaumpai 	Guarantor of leasing contract	-	6.74	<p>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.</p> <p>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.</p>
		Credit facility Balance	-	0.62	
Ms. Vimonrat Nujul	<ul style="list-style-type: none"> Ms. Vimonrat Nujul is Executive and Accounting Manager 	Guarantor of leasing contract	20.57	30.54	<p>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</p>
		Credit facility Balance	1.85	8.79	

บุคคลที่อาจ มีความขัดแย้ง	ลักษณะ: ความสัมพันธ์	ลักษณะ: รายการ	มูลค่ารายการ (ล้านบาท)		ความจำเป็นและ ความสมเหตุสมผล ของรายการ
			ปี 2562	ปี 2561	
					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. Banyat Ninsiri ✔ Mr. Niyom Rodnoi ✔ Mr. Amnat Niamsee	✔ Assistant Manager - Branch Administration - Suratthani District ✔ Assistant Manager - Branch Administration - Bangkok District ✔ Deputy Manager - Branch Administration - Nakhonsawan District	Loan to executives	0.05	0.08	In 2018 and 2019, the Company provided loans for 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.
		Brought forward			
		add loan during the period	0.20	0.25	
		less payment during the period	(0.23)	(0.28)	
		Balance at the end of period	0.02	0.05	
		Interest	0.005	0.006	

The Audit Committee's opinion

Resolution of the Board of Directors meeting no 1/2020 dated 18 February 2020 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.



Section 5 Sustainable development

Sustainable business policies and strategies

The main philosophy in the business operation of the Company's founders, Khun Chuchat Phetaumpai and Khun Daonapha Phetaumpai, is to be a microfinance loan service provider that helps people who are unable to access loans from financial institutions to be able to access the loan source with fair and transparent financial costs. Such philosophy has become a guideline for business operations based on the principles of good governance and risk management. However, after the Company has been listed on the Stock Exchange of Thailand, the Company's operating results grow rapidly from the strategy to expand the number of branches to cover all areas. As a result, the Company's credit portfolio has grown by more than 800 percent in just 5 years. The number of customers has increased from 0.6 million to 1.8 million people and the number of employees has increased from 1,703 people to 9,576 people. Impact from the Company's operations to the Company's stakeholders has increased significantly.

Currently, the Company focuses on sustainable development economically, socially and environmentally to be a **"responsible microfinance loan provider"** by operating under the principles of good corporate governance and taking into account the impact on all stakeholders. This is in accordance with the policy of the Bank of Thailand. The Company has considered the value chain of the Company to set goals, policies and operational framework.

Sustainable Development Framework

In the year 2019, the Corporate Governance Committee together with the management team and the working group for sustainable development jointly assess to improve policies and strategies in details with key points maintained. Such improvements result in a clear policy formulation and more operational guidelines which can show the details of the improvements as follows.

As a result of the initial sustainability review, the Company still adheres to the 9 principles of sustainable development in line with 9 United Nations Sustainable Development Goals from 17 goals; 1. No Poverty, 3. Good Health and Well-Being, 4. Quality Education, 5. Gender Equality, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production. In improving the business policy, the Company focuses on Creating Shared Value (CSV) by creating and developing microfinance loan products to respond to the financial inequality of the people with responsibility to be main Corporate Social Responsibility (CSR) and Corporate Citizenship in order to create sustainable value for the stakeholders with a framework to achieve sustainable development in 3 dimensions such as economic, social and environmental dimensions as follows:

Be the “responsible microfinance loan provider”			
Impacts	Economic dimensions	Social dimensions	Environmental dimensions
Objectives	CSV	CSR	Corporate Citizenship
	Reducing financial inequality among citizens	Develop strong communities and societies	Reduce the amount of greenhouse gases in the long run
Strategy	Responsibility to customers 1) Responsible development of access to funding ✔ Development of loan products that people can access to be suitable with fair and transparent financial costs ✔ Expansion of number of branches to be sufficient and appropriate for the access to public loans ✔ Provision of excellent, thorough and equal service to customers ✔ Cultivate financial awareness and discipline for customers 2) Industrial ethics development ✔ Respect for customer satisfaction, rights and personal information ✔ Participation in the development of fair and transparent service supervision for customers	Labor management ✔ Adherence to human rights and acceptance of diversity in the organization ✔ Creating a learning society in the organization for the development of skills and knowledge of personnel ✔ Monitoring and creating safe and hygienic workplace and work process ✔ Developing the quality of life of personnel with incomes and welfare that is in line with the Company’s performance ✔ Internal communication channels development and an evaluation system that is appropriate, fair, and transparent ✔ Succession planning	Environmental management 1) Reducing carbon footprint ✔ Waste management with recycling process ✔ Campaign to reduce the single-used plastic in offices and branches ✔ Reducing paper usage by developing module in the operating system ✔ Reducing toxic emission and pollution to the environment by encouraging farmers to do organic farming, reduce the use of toxic substances in farming, and produce products that are free from toxic residues harmful to consumers



Be the “responsible microfinance loan provider”			
Impacts	Economic dimensions	Social dimensions	Environmental dimensions
Objectives	CSV	CSR	Corporate Citizenship
	Reducing financial inequality among citizens	Develop strong communities and societies	Reduce the amount of greenhouse gases in the long run
Strategy	<ul style="list-style-type: none"> ✔ Being an industry model organization in the area of corporate governance <p>Risk management</p> <ul style="list-style-type: none"> ✔ Good corporate governance 	<p>Strengthening community and society with the CSR project</p> <ul style="list-style-type: none"> ✔ Development of young children in the community with the “My New House” project ✔ Be part of helping emergency patients in the community with the project “Muangthai Ruam Jai for Blood Donation” with the Thai Red Cross. ✔ Behave to be a good citizen of society by inheriting traditions, culture and religion with members of the community with the Kathin Project. 	<p>2) Energy efficient and worthwhile use</p> <ul style="list-style-type: none"> ✔ Investment in a green LEED Certified building that improves energy efficiency and friendly to the community and environment ✔ “Turn off to change” project to reduce energy use during lunch breaks <p>Supply chain management</p> <ol style="list-style-type: none"> 1) Improving purchasing policies to choose products that are environmentally friendly 2) Purchasing transparently and taking into account the impact and risk on ESG

Sustainable Development Performance

Economic dimension

✔ **New motorcycle hire purchase products**

As the Company foresaw the problems and opportunities from demand in the purchase of new motorcycles for existing customers and current customer groups, in the year 2019, the Company introduced new credit product which was a new bicycle hire purchase loan helping customers without credit history in an external database. New motorcycles can be hire purchased at interest rates that are appropriate for their credit risk which the Company can evaluate and consider the customer's credit history from the internal database of the Company.

✔ **Growing branches to increase access**

The strategy to expand the number of branches of the Company is operated following the Company's medium-term business strategy which covers since 2018 - 2020 by focusing on the growth of the number of receivables, loans through branch expansion resulting in customers and the public to be able to access the Company's services more easily and conveniently. In the year 2019, the Company opened a total of 828 branches, including 36 large branches, 565 branches, and 227 service center branches. However, the average loan rate per branch is 14.62 million baht which is still close to the average rate of low loan receivables branches at the end of the year 2018 equaling to 14.38 million Baht. This means the Company can maintain growth in loans receivable through expanding steadily.

✔ **"Know and Purchase" project**

In the year 2019, the Company also initiated social activities (CSR-after-process) in response to the goal of reducing the household debt in the public sector of the Bank of Thailand with the **"Know and Purchase"** project. This is because the Company can truly access to

small people. Such project support the creation of financial discipline for the customers of the Company and the general public by creating a revenue-expense accounting list in accordance with the principles of the Bank of Thailand open for the Company's customers and general public to download the program from the Company's website. It can be used without charge. The program can analyze spending behavior whether there is discipline or without discipline. If the customers and the general public need a revenue-expense accounting list, it can be requested from every branch of the Company.

✔ **"Debt Clinic" project with AMC**

Apart from social activities that the Company initiated to support the establishment of financial discipline for the Company's customers and the general public, the Company also joins with AMC to participate in the Debt Clinic in order to help small debtors with many creditors which are bad debts, credit cards, cash cards, and personal loans without collateral. This is in order to have an opportunity to solve the debt problem along with promoting learning, planning and creating good financial discipline for debtors and interested people to prevent the economic and social problems of the country in the long run. This year, there are 19 non-financial entrepreneurs participating.

✔ **AI Chatbot development**

From the development of Lines communication and social media to increase convenience for customers, currently, the number of customers that communicate through those channels is increasing. The company therefore considered to improve the service to comply with the excellent service policy by developing the AI Chatbot in answering basic questions such as



product information, branch search etc. The management team assigned the working group, which is the customer relations employees to be involved in AI training as the main working group. This is because the customer relations employees are familiar with the question and the answers that customers need most

✔ **Personal Data Protection Policy**

In order to enable the Company to conduct business in accordance with the Personal Information Act Notified in the Royal Gazette on 24th May, 2019, and will be effective from 1st January, 2020, the Company has set relevant policy which is the policy of data protection and information security to be disclosed on the Company's website. In addition to the said policy, the Company has also increased the risk of privacy concerns with a legal department and the Information Technology Department to work in reducing or limiting such risk.

✔ **Information security improvements and prevention of cyber attacks**

In the year 2019, the Information Technology Department has planned to provide guidelines to prevent cyber attack as follows:

1. Installing a Server Monitor System to check for server faults in the branch inspection including improving the machine to have a speed that is suitable for the use of branches
2. Preparing to install MPLS or Private link for branches and Head Office to be an internal network system in which the system has a firewall installed to prevent attacks which is in the process of procurement

✔ **Establish an operational control unit for law and regulation compliance**

In the year 2018, the Board of Directors approved the Company to establish "Corporate Governance and Regulatory Agency (Compliance)". The structure is under the Risk Management and Legal Department and has a role and responsibility to oversee the business operations and personnel in the company. The unit is to operate correctly in accordance with laws, rules, regulations, orders, announcements, both internally and externally and responsible for overseeing legal tasks related to business operations, law on listed companies, and other laws related to the company's business operations.

Social dimension

✔ **Education**

The Company initiated the Child Development Center project under the name "My New Home (Ban Mai Kong NOO)" which has been ongoing for over 8 years. Each year, personnel stationed in various sub-districts will study and survey the area before presenting to management that there are areas where there is a need or lacking child development centers in the area. After being considered and chosen, the Company will contact the Sub-district Administrative Organization in that area to find the area for the construction of a child development center with a construction budget of approximately 1-1.2 million baht per 1 child development center building. The Company hired a design company to design the building with various living areas including equipment that focus on child safety such as a glass partition for teachers which must be long to the ground for the teacher to be able to see the small child sitting on the floor or sanitary ware sizes that are specifically for young children.

In this regard, the Company has already built 12 centers nationwide. In the year 2019, the Company arranged to build 4 more centers under the budget of over 4.2 million baht. In addition, the Company has also monitored whether the operation of the centers is in accordance with the objectives of the Company efficiently or not. The assessment is based on the number of children being supervised under the center which is responsible by the SAO of each area.

✔ Public Health

The employees of the Company have consistently supported the **“Muangthai Ruam Jai for blood donation”** project to the Thai Red Cross Society. Each year the Company’s employees have blood donation at various hospitals and the Thai Red Cross nationwide. In the year 2019, the Company had 6,325 blood donors (300 cc per person), totaling 1,897,500 cc of blood. In this regard, the top management of the company, Mr. Banyat Nilsiri has donated blood for the 10th consecutive year and received a medal from Princess Maha Chakri Sirindhorn which is the proud of the Company’s employees.

✔ In religion and culture

The temple is still considered a center of the mind of the people in the community. Therefore, participating in the Kathin ceremony of the temple by rotating around the communities with the objective of preserving cultural traditions is to build good relationships and be a part of the community. In the year 2019, the Company collected Kathin money in the amount of 5,557,346.50 baht.

Environmental dimension

✔ Environmental management

- Carbon footprint reduction

The important action to reduce carbon footprint resulting from the Company’s business operations in 2019 is to study and plan to improve the waste management process by recycling.

The Company requested to consult with the Stock Exchange of Thailand which the headquarters building of the Stock Exchange of Thailand is a green building and is a prototype of good waste management systems by recycling. The Company hopes that the study of waste management processes will be able to improve the waste management process of the Company to be more efficient. In addition, the Company has accelerated the measures to improve the internal information system by focusing on the development of storage - use of internal information documents in the form e-document platform by expanding the scope of paper usage reduction in each department.

- Efficiency and worthwhile energy use

Apart from the project **“Turn off for changing”** that the company has always practiced, the Board of Directors also assigns the Chief Executive Officer and Deputy Managing Director to be responsible for environmental performance in being the first non-bank credit service provider and the only place in Thailand that invests in a green office building Which is LEED certified at the Gold level. It is a building that saves energy and resources along with being environmentally friendly to community. In the year 2019, such Head Office building is still under construction and is expected to be completed by 2020.

✔ Supply chain management

- Purchasing policy improvement and methods for evaluating business partners

There is the improvement of supply chain management policies in order to buy products that are environmentally friendly and green label products. Apart from improving the purchase policy, there is also a policy to select business partners and criteria for evaluating business partners taking into consideration and considering the environmental, social and governance (ESG) risks.

Section 6 Financial report

SIGNIFICANT FINANCIAL INFORMATION

Summary of financial statements

Statement of financial position (Consolidated financial statements) as at 31 December 2019 , 2018 and 2017

Statement of financial position (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Assets						
Current assets						
Cash and cash equivalents	783.17	1.27	880.16	1.79	1,153.71	3.12
Current portion of loan receivables	34,902.34	56.41	28,604.95	58.20	21,987.89	59.50
Current portion of hire purchase receivables	27.00	0.04	-	-	-	-
Short-term loans	74.57	0.12	57.30	0.12	39.71	0.11
Other current assets	135.13	0.22	134.10	0.27	126.79	0.34
Total current assets	35,922.21	58.06	29,676.51	60.38	23,308.10	63.07
Non-current assets						
Restricted bank deposits	10.00	0.02	9.00	0.02	8.00	0.02
Loan receivables - net of current portion	23,636.44	38.20	17,943.37	36.51	12,463.70	33.73
Hire purchase receivables - net of current portion	56.95	0.09	-	-	-	-
Land, buildings and equipment	1,778.31	2.87	1,268.50	2.58	1,022.05	2.77
Intangible assets	25.82	0.04	25.76	0.05	25.92	0.07
Deferred tax assets	300.21	0.49	97.81	0.20	12.65	0.03

Statement of financial position (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Other non-current assets	141.66	0.23	125.16	0.25	112.59	0.31
Total non-current assets	25,949.39	41.94	19,469.60	39.62	13,644.91	36.93
Total assets	61,871.60	100.00	49,146.11	100.00	36,953.01	100.00
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	1,897.23	3.07	4,775.28	9.72	6,621.68	17.92
Short-term loans	-	-	-	-	99.73	0.27
Derivative liabilities	14.41	0.02	22.88	0.05	63.62	0.17
Other payables	890.73	1.44	659.32	1.34	438.69	1.19
Current portion of long-term loans	4,038.16	6.53	2,849.40	5.80	2,744.96	7.43
Current portion of long-term debentures	8,733.88	14.12	3,397.03	6.91	998.23	2.70
Current portion of liabilities under hire purchase payable	19.24	0.03	19.99	0.04	17.05	0.05
Income tax payable	607.16	0.98	578.28	1.18	338.00	0.91
Other current liabilities	111.12	0.18	43.03	0.09	27.66	0.08
Total current liabilities	16,311.93	26.37	12,345.21	25.12	11,349.62	30.72
Non-current liabilities						
Long-term loans - net of current portion	2,993.50	4.84	4,845.33	9.86	3,182.47	8.61
Long-term debentures - net of current portion	26,473.47	42.79	19,592.51	39.87	13,410.83	36.29
Liabilities under hire purchase payable - net of current portion	27.10	0.04	25.16	0.05	25.31	0.07
Provision for long-term employee benefits	93.89	0.15	38.83	0.08	41.47	0.11
Total non-current liabilities	29,587.96	47.82	24,501.83	49.86	16,660.08	45.08
Total liabilities	45,899.89	74.19	36,847.04	74.97	28,009.70	75.80

Statement of financial position (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Shareholders' equity						
Share capital						
Share capital	2,120.00		2,120.00		2,120.00	
Registered, issued and fully paid up	2,120.00	3.43	2,120.00	4.31	2,120.00	5.74
Share premium	2,379.84	3.84	2,379.84	4.84	2,379.84	6.44
Retained earnings						
Appropriated - statutory reserve	212.00	0.34	212.00	0.43	212.00	0.57
Unappropriated	11,271.39	18.22	7,601.50	15.47	4,261.38	11.53
Other components of shareholders' equity	(11.52)	(0.02)	(14.28)	(0.03)	(29.91)	(0.08)
Total shareholders' equity	15,971.71	25.81	12,299.07	25.03	8,943.31	24.20
Total liabilities and shareholders' equity	61,871.60	100.00	49,146.11	100.00	36,953.01	100.00

Statements of comprehensive income (Consolidated financial statements) For the year ended 31 December 2019 , 2018 and 2017

Statements of comprehensive income (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Revenues						
Interest and fee income from loans receivables and hire purchase receivables	11,879.69	93.63	9,544.31	91.63	6,794.92	90.95
Fee and service income	723.22	5.70	796.38	7.64	642.03	8.59
Other income	85.02	0.67	75.77	0.73	34.04	0.46
Total revenues	12,687.93	100.00	10,416.46	100.00	7,470.99	100.00

Statements of comprehensive income (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Expenses						
Selling and administrative expenses	5,314.19	41.88	4,100.46	39.37	2,988.93	40.01
Loss on disposals of assets foreclosed	-	-	2.79	0.03	23.64	0.32
Bad debts and doubtful accounts	554.21	4.37	586.21	5.63	679.40	9.09
Total expenses	5,868.40	46.25	4,689.46	45.03	3,691.97	49.42
Profit before finance cost and income tax expenses	6,819.53	53.75	5,727.00	54.97	3,779.02	50.58
Finance cost	1,526.55	12.03	1,100.27	10.57	673.10	9.01
Profit before income tax expenses	5,292.98	41.72	4,626.73	44.40	3,105.92	41.57
Income tax expenses	1,055.51	8.32	913.34	8.76	605.32	8.10
Profit for the year	4,237.47	33.40	3,713.39	35.64	2,500.60	33.47
Other comprehensive income:						
Other comprehensive income to be reclassified to profit or loss in subsequent periods						
Unrealised gain from cash flow hedges	3.45	0.03	19.54	0.19	(37.39)	(0.50)
Income tax relating to cash flow hedges	(0.69)	(0.01)	(3.91)	(0.04)	7.48	0.10
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	2.76	0.02	15.63	0.15	(29.91)	(0.40)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial gain (loss) on defined benefit plan	(20.47)	(0.16)	10.41	0.10	(9.56)	(0.13)

Statements of comprehensive income (Consolidated financial statements)	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Income tax relating to defined benefit plan	4.09	0.03	(2.08)	(0.02)	1.91	0.03
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(16.38)	(0.13)	8.33	0.08	(7.65)	(0.10)
Other comprehensive income for the year (loss)	(13.62)	(0.11)	23.96	0.23	(37.56)	(0.50)
Total comprehensive income for the year	4,223.85	33.29	3,737.35	35.87	2,463.04	32.97

Statements of cash flow (Consolidated financial statements) For the year ended 31 December 2019 , 2018 and 2017

Statements of cash flow (Consolidated financial statements)	2019	2018	2017
	Million (Baht)	Million (Baht)	Million (Baht)
Cash flows from operating activities			
Profit before income tax	5,292.98	4,626.73	3,105.92
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	275.74	217.96	153.43
Bad debts and doubtful accounts	554.21	586.21	679.41
Reversal of impairment loss on assets foreclosed	(4.00)	(5.90)	9.50
Gain on disposals of loan receivables	(33.78)	(19.42)	(5.96)
Loss on disposals of equipment	5.60	3.35	1.40
Provision for long-term employee benefits	34.65	7.97	5.05
Unrealised loss (gain) from valuation of derivatives	(5.03)	(21.20)	26.23
Loss from exchange rate	(0.02)	-	-

Statements of cash flow (Consolidated financial statements)	2019	2018	2017
	Million (Baht)	Million (Baht)	Million (Baht)
Interest and fee income from loan receivables and hire purchase receivables	(11,879.69)	(9,544.31)	(6,794.92)
Other interest income	(8.07)	(6.19)	(4.46)
Finance cost	1,526.55	1,100.27	673.10
Loss from operating activities before changes in operating assets and liabilities	(4,240.86)	(3,054.53)	(2,151.30)
Decrease (increase) in operating assets			
Loan receivables	(12,408.81)	(12,586.15)	(11,995.40)
Hire purchase receivables	(83.57)	-	-
Short-term loans	(17.27)	(17.59)	(12.24)
Other current assets	2.97	(2.20)	(71.54)
Other non-current assets	(16.49)	(12.57)	(18.22)
Increase (decrease) in operating liabilities			
Other payables	144.56	105.36	93.49
Other current liabilities	68.09	15.37	9.64
Provision for long-term employee benefits	(0.06)	(0.20)	(0.2)
Cash used in operating activities	(16,551.44)	(15,552.50)	(14,145.77)
Cash received from interest and fee income from loan receivables and hire purchase receivables	11,785.30	9,473.12	6,565.33
Cash paid for income tax	(1,225.63)	(763.41)	(481.71)
Net cash flows used in operating activities	(5,991.77)	(6,842.80)	(8,062.15)
Cash flows from investing activities			
Increase in restricted bank deposits	(1.00)	(1.00)	(2.00)
Cash paid for acquisitions of land, building and equipment	(786.82)	(470.88)	(400.69)

Statements of cash flow (Consolidated financial statements)	2019	2018	2017
	Million (Baht)	Million (Baht)	Million (Baht)
Cash paid for acquisitions of intangible assets	(6.22)	(5.09)	(4.32)
Proceeds from disposals of equipment	3.40	5.06	4.07
Net cash flows used in investing activities	(790.64)	(471.91)	(402.94)
Cash flows from financing activities			
Decrease in short-term loans from financial institutions	(2,920.23)	(1,910.13)	(3,204.80)
Decrease in short-term loans	-	(102.11)	(471.85)
Cash received from long-term loans	2,250.00	4,850.00	3,500.00
Repayment of long-term loans	(2,916.67)	(3,083.33)	(2,162.50)
Cash received from debenture issuance	12,271.00	8,610.00	12,103.00
Increase in liabilities under hire purchase payable	1.19	2.79	4.99
Cash paid on interest	(1,448.67)	(944.46)	(477.33)
Dividend paid	(551.20)	(381.60)	(212.00)
Net cash flows from financing activities	6,685.42	7,041.16	9,079.51
Net decrease in cash and cash equivalents	(96.99)	(273.55)	614.42
Cash and cash equivalents at beginning of year	880.16	1,153.71	539.29
Cash and cash equivalents at end of year	783.17	880.16	1,153.71

Auditor

The auditors appointed by the board of Directors to be the Company's auditor in order to perform the audit of the Company and consolidated financial statement during the past three years were as flows :

Year	Auditor's Office	Auditor's Name	Certified Public Accountant Registration No
31 December 2019	EY Office Limited	Rachada Yongsawadvanich	4951
31 December 2018	EY Office Limited	Somjai Khunnapasut	4499
31 December 2017	EY Office Limited	Somjai Khunnapasut	4499

According to the three (3) years' Reports of Certified Public Accountant (2017-2019), the Company's auditors had expressed his/her unqualified opinions on the financial statement

EY Compny Limited and auditors have no any relationship or interests with the Company, subsidiaries, management, major shareholders including their related persons, which would affect to the independence of their performing

Important Financial Ratio (Consolidated financial sttements)

ITEM	2019	2018	2017
Profitability Ratio			
Interest Income Ratio ⁽¹⁾ (%)	22.61 %	23.57 %	23.70 %
Interest Expense Ratio ⁽²⁾ (%)	3.83 %	3.51 %	3.04 %
Interest Spread (%)	18.78 %	20.06 %	20.66 %
Net Profit Margin (%)	33.40 %	35.65 %	33.47 %
Return on Average Shareholders' Equity (%)	29.98 %	34.96 %	31.99 %



ITEM	2019	2018	2017
Efficiency Ratio			
Net Interest Income to Total Assets(%)	18.65 %	19.61 %	19.95 %
Return on Average Assets (%)	7.63 %	8.63 %	8.15 %
Total Asset Turnover (times)	0.23	0.24	0.24
Financial Ratio			
Debt to Equity Ratio	2.87	3.00	3.13
Total Loans to Total Borrowing (เท่า)	1.33	1.31	1.27
Dividend Payout Ratio (%)	15.01 %	14.84 %	15.26 %
Asset Quality Ratio			
Allowance for Doubtful Account to Total Loans (%)	2.84 %	3.12 %	3.29 %
Bad Debt and Doubtful Account to Total Loans (%)	0.00 %	0.03 %	0.04 %
Non-Performing Loan to Total Loans (%)	1.03 %	1.12 %	1.24 %

Remark :

- (1) Interest income Ratio calculated from total of interest and fee income divided by average loan receivables.
 (2) Interest Expense Ratio calculated from finance cost divided by average interest bearing debt.

Management analysis and explanation

Explanation and analysis on the financial status and operational performance

Overview

The overall Group's operations in the year 2019 had the net profit of 4,237.47 million baht due to the ability in generating revenue from the Company's main business through the provision of collateralized loans and personal loans. There are 4,107 branches of service channels. The amount of outstanding loan receivables has increased from the end of 2018 and the procurement of loans has kept the Company's costs low. Meanwhile, the Company has higher expenses from the investment in opening branches including expenses of employees from recruiting the employees to support branch expansion.

In 2019, the Company invested in Muangthai Leasing Company Limited to engage in the business of providing hire purchase loans accounting for 99.99 percent of the total paid-up shares.

Focusing on providing the services that impress the customers with the slogan, ***"Intimate services like closed family members"***, the Company has earned the trust from customers to use the Company's credit services continuously.

On 18th February, 2020, the meeting of the Board of Directors approved the dividend payment for the turnovers of 2019 in the amount of 636 million baht or 0.30 baht per share. This will be proposed to the Annual General Meeting of Shareholders in this April, 2020.

Summary of the operating results for the year 2019 and analysis of operations

Muangthai Capital Group reported the net profit of 4,237.47 million baht in 2019 which changed from 2018 due to important reasons. This can be summarized as follows:

Statements of comprehensive income

Revenue

Revenue	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Interest and fee income from loan receivables**	11,879.69	93.63	9,544.31	91.63	2,335.38	24.47	6,794.92	90.95

Revenue	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	ล้านบาท	%
Fee and service income	678.88	5.35	758.50	7.28	(79.62)	(10.50)	609.80	8.16
Insurance commission income*	44.34	0.35	37.88	0.36	6.46	17.05	32.23	0.43
Other income	85.02	0.67	75.77	0.73	9.25	12.21	34.04	0.46
Total revenues	12,687.93	100.00	10,416.46	100.00	2,271.47	21.81	7,470.99	100.00

Remark :

* Insurance commission revenue is the revenue from the business operations of Muangthai Leasing Insurance Brokers (a subsidiary of the Company)

** Interest and fee revenue from providing hire purchase loans are revenue from the business operations of Muangthai Leasing Company (a subsidiary of the Company). The amount of year 2019 is 5.23 million baht.

The Company and the subsidiaries have total revenue of 12,687.93 million baht in 2019, increasing from 2,271.47 million baht in 2018, representing 21.81%. In 2018, the Company's obtained the total revenue of is 10,416.46 million baht. The Group's revenue consists of interest income and fees for providing loans, fees and service provision revenues, and other revenues.

Interest and fee revenue from loan granting

The interest and fee revenues from loan granting is the main source of revenue of the Group accounting for over 90% of total revenue which can be divided as follows:

Interest and fee income from loan receivables Million (Baht)	2019	2018	Growth rate 2019-2018	2017
✔ Vehicle title loans and deed loans	9,603.50	8,096.29	18.62%	6,116.56
✔ Personal loans and Nano-finance loans	2,270.96	1,448.02	56.83%	678.36
✔ Hire purchase	5.23	-	100.00%	-
Total	11,879.69	9,544.31	24.47%	6,794.92
Average interest income rate (%)	22.61	23.57		23.70

The main reason causing the interest and fee revenues from loans have been continuously growing is due to the fact that the Company has the loan expansion of the same branch and from the opening from 3,279 branches in 2018 to 4,107 branches in 2019. In addition, the Company charges lower interest on loans than competitors in the industry in order to increase customer base resulting in the total amount of loans to customers continuously increase every year creating sustainable revenues.

Fees and service revenues

Fees and service revenues of the Company are the collection fees which will be collected by the Company from the customers who make the default loan payment at a fixed rate per the number of times in collection. The charged rate depends on the type of loan that the customers use the services which increases in line with the growth of loan receivables.

Insurance commission revenues

Insurance commission revenues are the revenues earned from the sales of insurance of MTLI. Being a non-life insurance broker, MTLI earns the commission revenues from insurance sales by selling insurance to customers using credit services with the Company only for the operation made through the Company's branches and service centers. Therefore, the commission income from MTLI insurance sales will be in the same direction as the growth in the amount of credit granted to the Company's customers.

Operating Expense

Operating Expense	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Service expenses and administrative expenses	5,314.19	71.86	4,100.46	70.82	1,213.73	29.60	2,988.93	68.47
Loss from disposals of properties foreclosed	-	-	2.79	0.05	(2.79)	(100.00)	23.64	0.54
Bad debts and doubtful debts	554.21	7.50	586.21	10.13	(32.00)	(5.46)	679.40	15.56
financial cost	1,526.55	20.64	1,100.26	19.00	426.29	38.74	673.10	15.42
Total Expense	7,394.95	100.00	5,789.72	100.00	1,605.23	27.73	4,365.07	100.00

The Group had the total operating expenses of 7,394.95 million baht in 2019, an increase of 1,605.23 million baht from 2018 representing 27.73%. In 2018, the total operating expenses were 5,789.72 million baht. The total operating expenses consist of service and administrative expenses, loss from sales of property foreclosed, bad debts, doubtful accounts, and financial expenses.

Service and administrative expenses

The service and administrative expenses are considered the major expenses of the Group's business operations. The important expenses include:

Operating Expense Million (Baht)	2019	2018	Growth rate 2019-2018	2017
Salary, wages and other employee benefits	3,008.69	2,228.01	35.04%	1,591.99
Rental and service expense	749.41	611.76	22.50%	427.11
Special business tax	441.78	345.80	27.76%	228.18

✔ Salary, wages and other employee benefits increasing for 780.68 million baht came from the increase of personnel to support the branch expansion. The number of employees at the end of 2019 = 9,576 employees, 2018 = 7,647 employees, and 2017 = 5,880 employees.

✔ Rental and service fees increasing for 137.65 million baht came from an increase in the number of branches. The number of branches at the end of 2019 = 4,701 employees, 2018 = 3,279 employees, and 2017 = 2,424 employees.

✔ Specific business tax increasing for 95.98 million baht was mainly due to an increase in interest and fee revenues from increasing credit services. The interest and fee revenues from credit services at the end of 2019 = 11,879.69 million baht, 2018 = 9,544.31 million baht and 2017 = 6,794.92 million baht.

Bad debts and doubtful accounts

The Company has considered to set up additional allowance for doubtful accounts to cover damages possibly occurring in the future by evaluating from the experience and data of actual damage occurring in the past of the Company. The Company sets up allowance for doubtful accounts for the Company's credit receivables as follows:

Accounts receivable aging	Percentage of doubtful debts in the receivables
	Since January 2012
Undue account receivables and overdue account receivables (not over 30 days)	1%
Overdue account receivables (31-90 days)	2%
Overdue account receivables (over 90 days)	100%
Assignment of accounts receivables	100%

	2019	2018	2017
Allowance for doubtful accounts	1,714.96	1,499.15	1,170.98
Bad debt and doubtful accounts	554.21	586.21	679.40
Non-performing debt ratio	1.03%	1.12%	1.24%

The Company has set up an allowance for bad debt and doubtful accounts increasingly each year according to the increasing growth of the portfolio of the loan receivables and the write-offs. The company has increased bad debts and doubtful accounts in 2019 by 554.21 million baht, in 2018 by 586.21 million baht, and in 2017 by 679.40 million baht. In this regard, the setting up of bad debts and doubtful accounts decreases in accordance with the decreasing NPL proportion as a result of closely monitoring on the customers who defaulted on payment.

Financial expenses

Financial expenses are the interest expenses arising from short-term loans, long-term loans from commercial banks, and debentures. The increasing sum was due to the increase in loans to support the credit expansion of the Company and the average interest rate of loans increased according to the market situation that is in the upward interest rate range from 2018 to mid-year 2019. However, at the end of 2019, interest rates were reduced as a result of the interest rate reduction policy of the Bank of Thailand due to the economic slowdown.

	2019	2018	2017
Financial cost	1,526.55	1,100.27	673.10
Average interest expense rate (%)	3.83	3.51	3.04

Net profits

From the operational performance described above, the Group's net profit increased from 2,500.60 million baht in 2017 to 3,713.39 million baht in 2018 and 4,237.47 million baht in 2019. The Group's net profit margin was in the range of 33.40 - 35.65 percent.

	2019	2018	2017
Net profit (million baht)	4,237.47	3,713.39	2,500.60
Net profit margin (%)	33.40	35.65	33.47
Net profit margin – Growth rate (%)	14.11	48.50	70.79

Consolidated financial statements

Assets

At the end of the year 2019, the Group had the total assets of 61,871.60 million baht. The important assets of the Company were the loan receivables which account for more than 90 percent of total assets.

Assets	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Cash and cash equivalents	783.17	1.27	880.16	1.79	(96.99)	(11.02)	1,153.71	3.12
Loan receivables - net	58,538.78	94.61	46,548.32	94.71	11,990.46	25.76	34,451.59	93.23
Hire purchase receivables - net	83.95	0.14	-	-	83.95	100.00	-	-
Land, buildings and equipment	1,778.31	2.87	1,268.50	2.58	509.81	40.19	1,022.05	2.77
Other assets	687.39	1.11	449.13	0.92	238.26	53.05	325.66	0.88
Total	61,871.60	100.00	49,146.11	100.00	12,725.49	25.89	36,953.01	100.00

Loan receivables

The loan receivables of the Company consist of the loan receivables and the hire purchase receivables with the following structure:

Type	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Motorcycles	20,620.31	34.17	16,800.42	34.97	3,819.88	22.74	13,440.45	37.73
Cars	19,685.60	32.62	15,394.48	32.04	4,291.12	27.87	11,671.25	32.76
Agricultural trucks	2,640.54	4.38	2,080.86	4.33	559.68	26.90	1,732.43	4.86
Personal loans	5,350.53	8.87	6,630.58	13.80	(1,280.05)	(19.31)	4,921.28	13.82

Type	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Land	6,104.22	10.12	4,925.08	10.25	1,179.14	23.94	2,843.43	7.98
Nano-finance	5,851.70	9.70	2,216.05	4.61	3,635.65	164.06	1,013.73	2.85
Hire purchase	84.79	0.14	-	-	84.79	100.00	-	-
Total	60,337.69	100.00	48,047.47	100.00	12,290.21	25.58	35,622.57	100.00

Note: Collateralized receivables are motorcycles, automobiles, agricultural vehicles and land.

Non - collateralized receivables are personal loans and Nano finance

Quality of loan receivables and hire purchase receivables

Aging	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Not due	45,578.97	75.54	37,184.87	77.39	27,572.45	77.40
1-30 days past due	9,358.63	15.51	7,018.96	14.61	4,762.52	13.38
31-90 days past due	4,778.59	7.92	3,303.82	6.88	2,846.41	7.99
91-180 days past due	235.77	0.39	208.75	0.43	210.68	0.59
181-365 days past due	229.56	0.38	232.55	0.48	171.89	0.48
Over 365 days past due	31.88	0.05	32.37	0.07	22.20	0.06
Assignment of accounts receivables	124.29	0.21	66.15	0.14	36.42	0.10
Total	60,337.69	100.00	48,047.47	100.00	35,622.57	100.00
Deduction : allowance of doubtful debts	(1,714.96)	(2.84)	(1,499.15)	(3.12)	(1,170.98)	(3.29)
Loan receivables—net	58,622.73	97.16	46,548.32	96.88	34,451.59	96.71
Within 1 year	34,929.34	60.47	28,604.95	61.45	21,987.89	63.82
Over 1 year	23,693.39	39.53	17,943.37	38.55	12,463.70	36.18
Loan receivables—net	58,622.73	100.00	46,548.32	100.00	34,451.59	100.00

Property, plant and equipment

The Group had net property, plant and equipment in the amount of 1,022.05 million baht at the end of 2017, 1,268.50 million baht at the end of 2018 and 1,778.31 million baht at the end of 2019, representing the ratio of total assets equaling to 2.77 percent, 2.58 percent and percent. 2.87, respectively. The reason why the Group has net property, plant and equipment in a small proportion is because most of the branch offices used to provide credit services to customers are rented causing most of the Company's assets to consist of office equipment, computers and vehicles for operation purposes only.

Liabilities and shareholders' equity

Liabilities and shareholders' equity	2019		2018		Growth rate 2019-2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Loan	44,136.24	71.34	35,459.55	72.15	8,676.69	24.47	27,057.90	73.22
Other liabilities	1,763.65	2.85	1,387.49	2.82	376.15	27.11	951.80	2.58
Total liabilities	45,899.89	74.19	36,847.04	74.97	9,052.84	24.57	28,009.70	75.80
Total shareholders' equity	15,971.71	25.81	12,299.07	25.03	3,672.64	29.86	8,943.31	24.20
Total liabilities and shareholders' equity	61,871.60	100.00	49,146.11	100.00	12,725.49	25.89	36,953.01	100.00
Debt to Equity Ratio	2.87		3.00				3.13	

Loan

Loan	2019		2018		2017	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Short term loan	1,897.23	4.30	4,775.28	13.47	6,721.41	24.84
Long term loan - Bank	7,031.66	15.93	7,694.73	21.70	5,927.43	21.91
Long term loan - Debenture	35,207.35	79.77	22,989.54	64.83	14,409.06	53.25
Total	44,136.24	100.00	35,459.55	100.00	27,057.90	100.00

The Group has a source of loans from financial institutions in the form of promissory notes, overdraft limit, and long-term loans. For the bond market, it comes from the issuance of bills of exchange and debentures. Such loan has the repayment term of not more than 4 years.

In terms of total debt to equity ratio, there is a slight decrease as the Group has good capital management by borrowing money to support the growth of additional loan services that exceed the use of working capital (payment received from customers less loans and other expenses).

The management believes that from the aforementioned management, the capital structure has been appropriate for the business operation.

Shareholders' equity

Shareholders' equity of the Group increase from operating profits and the Company pay the dividends from the annual profits every year.

	2019	2018	2017
Net profit (million baht)	4,237.47	3,713.39	2,500.60
Dividend (million baht)	636.00	551.20	381.60
Dividend (per share)	0.30	0.26	0.18

Liquidity

Unit : Million Baht	2019	2018	2017
Net cash flows used in operating activities	(5,991.77)	(6,842.80)	(8,062.15)
Net cash flows used in investing activities	(790.64)	(471.91)	(402.94)
Net cash flows from financing activities	6,685.42	7,041.16	9,079.51
Net decrease in cash and cash equivalents	(96.99)	(273.55)	614.42

Cash flows from operating activities

The Group has cash flow used in the operations which is considered normal for the credit service business.

Cash flows from investing activities

The Group has cash flows from investing activities earned from investing in buying vehicles, property, and office equipment to support the branch expansion.

Cash flows from financing activities

The Group has cash flow from financing activities earned from loans to be used as working capital for the loan repayment.

Independent Auditor's Report

To the Shareholders of Muangthai Capital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Muangthai Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 Capital 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 Capital Public Company Limited and its subsidiaries and of Muangthai Capital Public Company Limited as at 31 December 2019, 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 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 and hire purchase receivables

As discussed in Note 4.5 to the financial statements, the estimation of allowance for doubtful accounts for loan receivables and hire purchase receivables were 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. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2019, the Group

had loan receivables and hire purchase receivables of Baht 60,338 million (representing 98 percent of total assets) and allowance for doubtful accounts of Baht 1,715 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 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 Group in calculating the allowance for doubtful accounts by reviewing key information to its sources, and performing comparative analysis on the assumptions that the Group 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 Group's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2019, the Group's revenue mainly consisted of interest income from loan receivables amounting to Baht 11,880 million (representing 94 percent of total revenue). The interest income was derived from the provision of loans and hire purchase agreements 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 Group'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 Group's financial statements. Moreover, I applied a sampling method to select loan and hire purchase 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 Group's policy. In addition, I performed analytical procedures on the interest revenue figures recognised throughout the period, 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. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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.



When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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.

I am responsible for the audit resulting in this independent auditor's report.

Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951
EY Office Limited
Bangkok: 18 February 2020

Statements of financial position

Muangthai Capital Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6	783,172,078	880,164,186	743,186,155	856,980,103
Current portion of loan receivables	7	34,902,345,203	28,604,947,002	34,902,345,203	28,604,947,002
Current portion of hire purchase receivables	8	26,999,843	-	-	-
Other receivables - subsidiaries		-	-	86,659,330	2,828,500
Short-term loans		74,565,681	57,299,882	74,565,681	57,299,882
Other current assets	10	135,131,138	134,095,947	128,756,672	133,610,327
Total current assets		35,922,213,943	29,676,507,017	35,935,513,041	29,655,665,814
Non-current assets					
Restricted bank deposits	11	10,000,000	9,000,000	-	-
Loan receivables - net of current portion	7	23,636,439,632	17,943,369,779	23,636,439,632	17,943,369,779
Hire purchase receivables - net of current portion	8	56,945,741	-	-	-
Investments in subsidiaries	12	-	-	22,000,000	2,000,000
Land, buildings and equipment	13	1,778,311,636	1,268,504,416	1,778,289,248	1,268,497,216
Intangible assets	14	25,822,823	25,756,740	25,780,586	25,756,740
Deferred tax assets	15	300,213,267	97,806,686	300,043,039	97,784,884
Other non-current assets	16	141,655,178	125,164,736	141,655,178	125,164,736
Total non-current assets		25,949,388,277	19,469,602,357	25,904,207,683	19,462,573,355
Total assets		61,871,602,220	49,146,109,374	61,839,720,724	49,118,239,169

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

Muangthai Capital Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2019

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	1,897,232,693	4,775,275,159	1,897,232,693	4,775,275,159
Derivative liabilities		14,403,957	22,876,933	14,403,957	22,876,933
Other payables	18	890,730,642	659,323,441	876,724,799	651,077,752
Current portion of long-term loans	19	4,038,162,484	2,849,397,713	4,038,162,484	2,849,397,713
Current portion of long-term debentures	20	8,733,878,049	3,397,033,411	8,733,878,049	3,397,033,411
Current portion of liabilities under hire purchase payable	21	19,240,871	19,987,323	19,240,871	19,987,323
Income tax payable		607,158,253	578,281,267	605,724,763	577,900,374
Other current liabilities		111,120,906	43,030,002	135,934,370	54,020,559
Total current liabilities		16,311,927,855	12,345,205,249	16,321,301,986	12,347,569,224
Non-current liabilities					
Long-term loans - net of current portion	19	2,993,495,726	4,845,332,907	2,993,495,726	4,845,332,907
Long-term debentures - net of current portion	20	26,473,470,400	19,592,514,914	26,473,470,400	19,592,514,914
Liabilities under hire purchase payable - net of current portion	21	27,100,573	25,162,400	27,100,573	25,162,400
Provision for long-term employee benefits	22	93,893,858	38,825,687	93,893,858	38,716,677
Total non-current liabilities		29,587,960,557	24,501,835,908	29,587,960,557	24,501,726,898
Total liabilities		45,899,888,412	36,847,041,157	45,909,262,543	36,849,296,122

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

**Muangthai Capital Public Company Limited and its subsidiaries****Statements of financial position (continued)****As at 31 December 2019**

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
Note		2019	2018	2019	2018
Shareholders' equity					
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	212,000,000	212,000,000	212,000,000	212,000,000
Unappropriated		11,271,393,612	7,601,502,001	11,230,137,985	7,571,376,831
Other components of shareholders' equity		(11,523,166)	(14,277,146)	(11,523,166)	(14,277,146)
Total shareholders' equity		15,971,713,808	12,299,068,217	15,930,458,181	12,268,943,047
Total liabilities and shareholders' equity		61,871,602,220	49,146,109,374	61,839,720,724	49,118,239,169

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

.....
Directors

Muangthai Capital Public Company Limited and its subsidiaries
Statements of comprehensive income
For the year ended 31 December 2019

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Revenues					
Interest and fee income from loans receivables and hire purchase receivables		11,879,693,590	9,544,311,229	11,874,460,185	9,544,311,229
Fee and service income		723,213,883	796,382,947	678,880,991	758,502,297
Other income		85,022,030	75,766,918	118,140,270	102,497,326
Total revenues		<u>12,687,929,503</u>	<u>10,416,461,094</u>	<u>12,671,481,446</u>	<u>10,405,310,852</u>
Expenses					
Selling and administrative expenses		5,314,188,001	4,100,463,184	5,312,395,145	4,096,897,766
Loss on disposals of assets foreclosed		-	2,787,325	-	2,787,325
Bad debts and doubtful accounts	9	554,212,960	586,210,766	553,361,820	586,210,766
Total expenses		<u>5,868,400,961</u>	<u>4,689,461,275</u>	<u>5,865,756,965</u>	<u>4,685,895,857</u>
Profit before finance cost and income tax expenses		6,819,528,542	5,726,999,819	6,805,724,481	5,719,414,995
Finance cost		(1,526,553,219)	(1,100,268,465)	(1,526,553,219)	(1,100,268,465)
Profit before income tax expenses		5,292,975,323	4,626,731,354	5,279,171,262	4,619,146,530
Income tax expenses	15	(1,055,506,690)	(913,345,887)	(1,052,745,878)	(911,828,877)
Profit for the year		<u>4,237,468,633</u>	<u>3,713,385,467</u>	<u>4,226,425,384</u>	<u>3,707,317,653</u>
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Unrealised gain from cash flow hedges		3,442,475	19,541,863	3,442,475	19,541,863
Income tax relating to cash flow hedges		(688,495)	(3,908,372)	(688,495)	(3,908,372)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>2,753,980</u>	<u>15,633,491</u>	<u>2,753,980</u>	<u>15,633,491</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial gain (loss) on defined benefit plan		(20,471,278)	10,416,336	(20,580,288)	10,416,336
Income tax relating to defined benefit plan		4,094,256	(2,083,267)	4,116,058	(2,083,267)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(16,377,022)</u>	<u>8,333,069</u>	<u>(16,464,230)</u>	<u>8,333,069</u>
Other comprehensive income for the year (loss)		<u>(13,623,042)</u>	<u>23,966,560</u>	<u>(13,710,250)</u>	<u>23,966,560</u>
Total comprehensive income for the year		<u>4,223,845,591</u>	<u>3,737,352,027</u>	<u>4,212,715,134</u>	<u>3,731,284,213</u>
Earning per share	27				
Basic earning per share		<u>2.00</u>	<u>1.75</u>	<u>1.99</u>	<u>1.75</u>

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



Statements of changes in shareholders' equity

Muangthai Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity -	
			Appropriated - Statutory reserve	Unappropriated	Unrealised loss from cash flow hedges	Total
Balance as at 1 January 2018	2,120,000,000	2,379,843,362	212,000,000	4,261,383,465	(29,910,637)	8,943,316,190
Profit for the year	-	-	-	3,713,385,467	-	3,713,385,467
Other comprehensive income for the year	-	-	-	8,333,069	15,633,491	23,966,560
Total comprehensive income for the year	-	-	-	3,721,718,536	15,633,491	3,737,352,027
Dividend paid (Note 24)	-	-	-	(381,600,000)	-	(381,600,000)
Balance as at 31 December 2018	2,120,000,000	2,379,843,362	212,000,000	7,601,502,001	(14,277,146)	12,299,068,217
Balance as at 1 January 2019	2,120,000,000	2,379,843,362	212,000,000	7,601,502,001	(14,277,146)	12,299,068,217
Profit for the year	-	-	-	4,237,468,633	-	4,237,468,633
Other comprehensive income for the year (loss)	-	-	-	(16,377,022)	2,753,980	(13,623,042)
Total comprehensive income for the year	-	-	-	4,221,091,611	2,753,980	4,223,845,591
Dividend paid (Note 24)	-	-	-	(551,200,000)	-	(551,200,000)
Balance as at 31 December 2019	2,120,000,000	2,379,843,362	212,000,000	11,271,393,612	(11,523,166)	15,971,713,808

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

Statements of changes in shareholders' equity (continued)

Muangthai Capital Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity -	Total
			Appropriated - Statutory reserve	Unappropriated	Unrealised loss from cash flow hedges	
Balance as at 1 January 2018	2,120,000,000	2,379,843,362	212,000,000	4,237,326,109	(29,910,637)	8,919,258,834
Profit for the year	-	-	-	3,707,317,653	-	3,707,317,653
Other comprehensive income for the year	-	-	-	8,333,069	15,633,491	23,966,560
Total comprehensive income for the year	-	-	-	3,715,650,722	15,633,491	3,731,284,213
Dividend paid (Note 24)	-	-	-	(381,600,000)	-	(381,600,000)
Balance as at 31 December 2018	2,120,000,000	2,379,843,362	212,000,000	7,571,376,831	(14,277,146)	12,268,943,047
Balance as at 1 January 2019	2,120,000,000	2,379,843,362	212,000,000	7,571,376,831	(14,277,146)	12,268,943,047
Profit for the year	-	-	-	4,226,425,384	-	4,226,425,384
Other comprehensive income for the year (loss)	-	-	-	(16,464,230)	2,753,980	(13,710,250)
Total comprehensive income for the year	-	-	-	4,209,961,154	2,753,980	4,212,715,134
Dividend paid (Note 24)	-	-	-	(551,200,000)	-	(551,200,000)
Balance as at 31 December 2019	2,120,000,000	2,379,843,362	212,000,000	11,230,137,985	(11,523,166)	15,930,458,181

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

Muangthai Capital Public Company Limited and its subsidiaries
Statements of cash flow
For the year ended 31 December 2019

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	5,292,975,323	4,626,731,354	5,279,171,262	4,619,146,530
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	275,738,096	217,965,753	275,719,372	217,952,259
Bad debts and doubtful accounts	554,212,960	586,210,766	553,361,820	586,210,766
Reversal of impairment loss on assets foreclosed	(4,000,000)	(5,900,000)	(4,000,000)	(5,900,000)
Gain on disposals of loan receivables	(33,781,199)	(19,418,864)	(33,781,199)	(19,418,864)
Loss on disposals of equipment	5,601,521	3,345,767	5,601,521	3,345,767
Provision for long-term employee benefits	34,652,693	7,972,664	34,652,693	7,961,274
Unrealised gain from valuation of derivatives	(5,030,501)	(21,202,763)	(5,030,501)	(21,202,763)
Loss from exchange rate	(21,968)	-	(21,968)	-
Interest and fee income from loan receivables and hire purchase receivables	(11,879,693,590)	(9,544,311,229)	(11,874,460,185)	(9,544,311,229)
Other interest income	(8,063,806)	(6,191,012)	(7,824,894)	(5,991,804)
Finance cost	1,526,553,219	1,100,268,465	1,526,553,219	1,100,268,465
Loss from operating activities before changes in operating assets and liabilities	(4,240,857,252)	(3,054,529,099)	(4,250,058,860)	(3,061,939,599)
Decrease (increase) in operating assets				
Loan receivables	(12,408,812,468)	(12,586,147,648)	(12,408,812,468)	(12,586,147,648)
Hire purchase receivables	(83,574,972)	-	-	-
Other receivables - subsidiaries	-	-	(83,830,830)	112,592
Short-term loans	(17,265,799)	(17,592,516)	(17,265,799)	(17,592,516)
Other current assets	2,968,406	(2,198,569)	8,853,654	(2,123,446)
Other non-current assets	(16,490,442)	(12,571,516)	(16,490,442)	(12,571,516)
Increase (decrease) in operating liabilities				
Other payables	144,556,635	105,359,153	138,796,480	104,750,481
Other current liabilities	68,090,904	15,368,906	81,913,812	15,643,357
Provision for long-term employee benefits	(55,800)	(200,600)	(55,800)	(200,600)
Cash used in operating activities	(16,551,440,788)	(15,552,511,889)	(16,546,950,253)	(15,560,068,895)
Cash received from interest and fee income				
from loan receivables and hire purchase receivables	11,785,295,840	9,473,125,392	11,781,048,872	9,472,932,322
Cash paid for income tax	(1,225,630,524)	(763,408,375)	(1,223,752,080)	(762,976,322)
Net cash flows used in operating activities	(5,991,775,472)	(6,842,794,872)	(5,989,653,461)	(6,850,112,895)

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

Muangthai Capital Public Company Limited and its subsidiaries**Statements of cash flow (continued)****For the year ended 31 December 2019**

	Consolidated financial statements		(Unit: Baht) Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted bank deposits	(1,000,000)	(1,000,000)	-	-
Cash paid for acquisitions of land, building and equipment	(786,817,702)	(470,880,326)	(786,791,244)	(470,880,326)
Proceeds from disposals of equipment	3,399,157	5,062,412	3,399,157	5,062,412
Cash paid for acquisitions of intangible assets	(6,219,122)	(5,095,982)	(6,169,431)	(5,095,982)
Investment in subsidiary	-	-	(20,000,000)	-
Net cash flows used in investing activities	(790,637,667)	(471,913,896)	(809,561,518)	(470,913,896)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(2,920,229,020)	(1,910,128,440)	(2,920,229,020)	(1,910,128,440)
Decrease in short-term loans	-	(102,115,600)	-	(102,115,600)
Cash received from long-term loans	2,250,000,000	4,850,000,667	2,250,000,000	4,850,000,667
Repayment of long-term loans	(2,916,666,667)	(3,083,334,000)	(2,916,666,667)	(3,083,334,000)
Cash received from debenture issuance	12,271,000,000	8,610,000,000	12,271,000,000	8,610,000,000
Increase in liabilities under hire purchase payable	1,191,722	2,790,985	1,191,722	2,790,985
Cash paid on interest	(1,448,675,004)	(944,455,268)	(1,448,675,004)	(944,455,268)
Dividend paid	(551,200,000)	(381,600,000)	(551,200,000)	(381,600,000)
Net cash flows from financing activities	6,685,421,031	7,041,158,344	6,685,421,031	7,041,158,344
Net decrease in cash and cash equivalents	(96,992,108)	(273,550,424)	(113,793,948)	(279,868,447)
Cash and cash equivalents at beginning of year	880,164,186	1,153,714,610	856,980,103	1,136,848,550
Cash and cash equivalents at end of year	783,172,078	880,164,186	743,186,155	856,980,103

Supplement cash flow information

Non-cash items

Account payable on purchase of assets	7,127,568	5,552,314	7,127,568	5,552,314
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The accompanying notes are an integral part of the financial statements.

**Muangthai Capital Public Company Limited and its subsidiaries****Notes to consolidated financial statements****For the year ended 31 December 2019****1. Corporate information**

Muangthai Capital 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, condominium loans, personal loans without collateral and Nano finance. Its registered address is 32/1 Charansanitwong Road, Bangor, Bangplad, Bangkok. As at 31 December 2019, the Company has totalled 4,107 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 11 October 2016, 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 Capital Public Company Limited (***“the Company”***) and the following subsidiaries companies (***“the subsidiaries”***):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			Percent	Percent
Muangthai Leasing Insurance Broker Company Limited	Insurance brokerage	Thai	100	100
Muangthai Leasing Company Limited	Providing motorcycles hire purchase	Thai	100	-

- 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) Subsidiaries is fully consolidated, being the date on which the Company obtains control.
- d) The financial statements of the subsidiaries is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

2.3 Separate financial statements

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
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TFRS 9	Financial Instruments
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Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When

the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group believes that adoption of these standards will not have any significant impact on the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and fee income from loan receivables and hire purchase receivables

The Group recognises interest and fee income from loan receivables and hire purchase receivables on an accrual basis using the effective interest rate method.

The Group ceases accruing interest and fee income from loan receivables and hire purchase 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 collection fees 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 Loan receivables / hire purchase receivables

Loan receivables include term loans are presented at the principal amount outstanding, net of unearned discounts received in advance (if any) and accrued interest receivables.

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

4.5 Allowance for doubtful accounts

The Group provides allowance for doubtful accounts for loan receivables and hire purchase 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 loan receivables 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 condominium loans are past due not more than 90 days, where it is calculated on the basis of loan receivables net of collateral value. The rates of allowance for doubtful accounts are as follows:

	Provisioning rate
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 for loan receivables 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.

4.6 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.

4.7 Investments in a subsidiaries

Investments in a subsidiaries 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.

4.8 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).

Buildings	20 years
Building improvements	20 years
Furniture, fixtures, equipment and computers	5 years and 10 years
Motor vehicles	5 years and 7 years

Depreciation is included in determining income.

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

No depreciation is provided on land and construction in progress.

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.

4.9 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.

4.10 Impairment of assets

The Group 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, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

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

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

c) Post-employment benefits (Defined benefit plans)

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

The 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 defined benefit plans benefits are recognised immediately in other comprehensive income.

4.12 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 Group recognises 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 Group reviews 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.13 Related party transactions

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

They also include companies, and individuals or enterprises which directly or indirectly own a voting interest in the Group that gives them

significant influence over the Group, key management personnel, directors, and officers with authority in the planning and direction of the Group's operations.

4.14 Long-term leases

Leases which transfer substantially all the risks and rewards of ownership to the Group 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.

4.15 Provisions

Provisions are recognised when the Group has 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.

4.16 Financial derivatives and hedge accounting

Interest rate swap contracts

Gain or loss arising from changes in the fair value of the contracts are recognised as gain or loss in the statement of comprehensive income. Fair value is calculated using the discounted cash flow method, with the discount rate being the estimated current market interest rate.

Interest rate swap contracts-hedge accounting

The Company has entered into derivative financial instruments in order to manage risk associated with the Company's financial liabilities. The Company has recorded derivatives for cash flow hedging using hedge accounting, as follows:

At the inception of the transaction, the Company documents the relationship between the hedging instruments and hedged items, as well as its risk management objective and the strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The comprehensive gain or loss relating to the ineffective portion is recognised immediately in profit or loss to the comprehensive income statement. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity is recognised in profit or loss to the comprehensive income statement.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and

liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures 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 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 Group determines 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 financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from

these estimates. Significant judgements and estimates are as follows:

5.1 Allowance for doubtful accounts on loan receivables and hire purchase receivables

In determining allowance for doubtful accounts for loan receivables and hire purchase receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic conditions.

5.2 Allowance for impairment of assets fore-closed

In determining allowance for impairment of assets foreclosed, the management exercises judgement in estimating the anticipated loss on such assets, based on analysis of various factors, including net realisable value, historical sales data, the age of the assets and the prevailing economic conditions.

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.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.4 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.

5.5 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.

5.6 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

5.7 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 management exercises judgement, 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 instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	73,946	57,693	73,930	57,683
Bank deposits	709,226	822,471	669,256	799,297
Cash and cash equivalents	<u>783,172</u>	<u>880,164</u>	<u>743,186</u>	<u>856,980</u>

As at 31 December 2019, bank deposits in savings accounts carried interest at rates between 0.5 and 0.625 percent per annum (2018: between 0.5 and 0.625 percent per annum).

7. Loan receivables

7.1 As at 31 December 2019 and 2018, loan receivables consist of the following:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2019		
	Amounts due		
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	35,556,297	23,792,921	59,349,218
Accrued Interest	903,681	-	903,681
Total	36,459,978	23,792,921	60,252,899
Less: Allowance for doubtful accounts ⁽²⁾	(1,557,633)	(156,481)	(1,714,114)
Loan receivables - net	<u>34,902,345</u>	<u>23,636,440</u>	<u>58,538,785</u>

(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			
2018			
Amounts due			
	within 1 year ⁽¹⁾	over 1 year	Total
Loan receivables	29,174,015	18,071,013	47,245,028
Accrued Interest	802,445	-	802,445
Total	29,976,460	18,071,013	48,047,473
Less: Allowance for doubtful accounts ⁽²⁾	(1,371,513)	(127,643)	(1,499,156)
Loan receivables - net	28,604,947	17,943,370	46,548,317

(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.

On 31 January 2019, the Bank of Thailand issued a notification on regulations, procedures and conditions for non-financial institutions operators undertaking personal loan business under supervision, which expands the scope of supervision to cover loans secured against vehicle registrations. It was effective from 1 February 2019.

7.2 As at 31 December 2019 and 2018, the balances of loan receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements							
Aging	Loan receivables and accrued interest		Loan receivables and accrued interest - net of collateral value ⁽¹⁾		Rate of allowance for doubtful accounts	Allowance for doubtful accounts	
	2019	2018	2019	2018		2019	2018
Not yet due	45,496,048	37,184,870	32,180,592	29,276,968	1	321,806	292,769
Past due not more than 30 days	9,357,082	7,018,957	6,334,040	5,047,382	1	63,340	50,474
Past due 31 - 90 days	4,778,270	3,303,823	3,105,673	2,044,240	2	62,113	40,885
Past due 91 - 180 days	235,775	208,746	235,775	208,746	100	235,775	208,746
Past due 181 - 365 days	229,555	232,546	229,555	232,546	100	229,555	232,546
Past due more than 365 days	31,883	32,378	31,883	32,378	100	31,883	32,378
Litigation receivables	124,286	66,153	124,286	66,153	100	124,286	66,153
Total	<u>60,252,899</u>	<u>48,047,473</u>	<u>42,241,804</u>	<u>36,908,413</u>		<u>1,068,758</u>	<u>923,951</u>
Allowance for doubtful accounts - additional provision for uncollectible receivables						<u>645,356</u>	<u>575,205</u>
Total						<u>1,714,114</u>	<u>1,499,156</u>

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

As at 31 December 2019, the Company had loan receivables amounting to Baht 737 million, for which revenue recognition has been ceased (2018: Baht 695 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.

8. Hire purchase receivables

8.1 As at 31 December 2019, the balances of hire purchase receivables consist of the following:

(Unit: Thousand Baht)

Consolidated financial statements			
2019			
Amounts due			
	within 1 year	over 1 year	Total
Hire purchase receivables	45,312	76,130	121,442
Less: Unearned interest income	(18,038)	(18,607)	(36,645)
Total	27,274	57,523	84,797
Less: Allowance for doubtful accounts	(274)	(577)	(851)
Hire purchase receivables - net	27,000	56,946	83,946

8.2 As at 31 December 2019, the balances of hire purchase receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Consolidated financial statements			
2019			
Aging	Hire purchase receivables - net of unearned interest income	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	82,924	1	829
Past due not more than 30 days	1,556	1	16
Past due 31 - 90 days	317	2	6
Past due 91 - 180 days	-	100	-
Past due 181 - 365 days	-	100	-
Past due more than 365 days	-	100	-
Total	84,797		851

9. Allowance for doubtful accounts

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Balance at beginning of the year	1,499,156	1,170,983
Add: Increase in doubtful accounts during the year	554,213	586,211
Less: Bad debt written-off during the year	(1,289)	(12,066)
Allowance for doubtful accounts for loan receivables sold	(337,115)	(245,972)
Balance at end of the year	1,714,965	1,499,156

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Balance at beginning of the year	1,499,156	1,170,983
Add: Increase in doubtful accounts during the year	553,362	586,211
Less: Bad debt written-off during the year	(1,289)	(12,066)
Allowance for doubtful accounts for loan receivables sold	(337,115)	(245,972)
Balance at end of the year	1,714,114	1,499,156

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Assets foreclosed	36,889	64,328	36,889	64,328
Prepaid expenses	26,010	13,261	26,010	13,261
Other current assets	77,332	65,607	70,958	65,121
Total	140,231	143,196	133,857	142,710
Less: Allowance for impairment/allowance for doubtful accounts	(5,100)	(9,100)	(5,100)	(9,100)
Other current assets - net	135,131	134,096	128,757	133,610

11. 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 Muangthai Leasing Insurance Broker Company Limited and reserved fund for Office of Insurance Commission.

12. Investments in a subsidiaries

Investments in subsidiaries in the separate financial statements are 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.

And at 1 March 2019, the Company has investment in Muangthai Leasing Company Limited, which is principally engaged in providing motorcycles hire purchase business with total of Baht 20 million, which represented a 100 percent shareholding in the subsidiary.

13. Land, buildings and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	Total
Cost							
1 January 2018	257,248	8,436	166,106	806,403	126,124	7,654	1,371,971
Additions	-	-	105,203	305,339	29,387	27,646	467,575
Disposals/written off	-	-	(2,208)	(17,842)	(8,677)	-	(28,727)
31 December 2018	257,248	8,436	269,101	1,093,900	146,834	35,300	1,810,819
Additions	12	2,788	85,310	310,157	32,004	358,118	788,389
Disposals/written off	-	-	(2,189)	(23,318)	(5,893)	-	(31,400)
31 December 2019	257,260	11,224	352,222	1,380,739	172,945	393,418	2,567,808
Accumulated depreciation							
1 January 2018	-	1,313	10,493	276,362	61,753	-	349,921
Depreciation for the year	-	422	11,099	178,129	23,062	-	212,712
Depreciation for disposals/written off	-	-	(271)	(11,526)	(8,521)	-	(20,318)
31 December 2018	-	1,735	21,321	442,965	76,294	-	542,315
Depreciation for the year	-	551	15,311	227,560	26,163	-	269,585
Depreciation for disposals/written off	-	-	(318)	(16,563)	(5,523)	-	(22,404)
31 December 2019	-	2,286	36,314	653,962	96,934	-	789,496
Net book value							
31 December 2018	257,248	6,701	247,780	650,935	70,540	35,300	1,268,504
31 December 2019	257,260	8,938	315,908	726,777	76,011	393,418	1,778,312
Depreciation charge for the years							
2018							212,712
2019							269,585



(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings	Building improvements	Furniture, fixtures, equipment and computers	Motor vehicles	Construction in progress	Total
Cost							
1 January 2018	257,248	8,436	166,106	806,318	126,124	7,654	1,371,886
Additions	-	-	105,202	305,339	29,387	27,646	467,574
Disposals/written off	-	-	(2,208)	(17,842)	(8,677)	-	(28,727)
31 December 2018	257,248	8,436	269,100	1,093,815	146,834	35,300	1,810,733
Additions	12	2,788	85,310	310,130	32,004	358,118	788,362
Disposals/written off	-	-	(2,189)	(23,318)	(5,893)	-	(31,400)
31 December 2019	257,260	11,224	352,221	1,380,627	172,945	393,418	2,567,695
Accumulated depreciation							
1 January 2018	-	1,313	10,493	276,298	61,753	-	349,857
Depreciation for the year	-	422	11,099	178,114	23,062	-	212,697
Depreciation for disposals/written off	-	-	(271)	(11,526)	(8,521)	-	(20,318)
31 December 2018	-	1,735	21,321	442,886	76,294	-	542,236
Depreciation for the year	-	551	15,311	227,549	26,163	-	269,574
Depreciation for disposals/written off	-	-	(318)	(16,563)	(5,523)	-	(22,404)
31 December 2019	-	2,286	36,314	653,872	96,934	-	789,406
Net book value							
31 December 2018	257,248	6,701	247,779	650,929	70,540	35,300	1,268,497
31 December 2019	257,260	8,938	315,907	726,755	76,011	393,418	1,778,289
Depreciation charge for the years							
2018							212,697
2019							269,574

As at 31 December 2019, the Company had vehicles under hire purchase agreements with net book value amounting to Baht 76 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 135 million (2018: Baht 70 million and Baht 101 million, respectively).

14. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
1 January 2018	32,293	32,293
Additions	5,096	5,096
31 December 2018	37,389	37,389
Additions	6,219	6,170
31 December 2019	43,608	43,559
Accumulated amortisation		
1 January 2018	6,377	6,377
Amortisation for the year	5,255	5,255
31 December 2018	11,632	11,632
Amortisation for the year	6,153	6,146
31 December 2019	17,785	17,778
Net book value		
31 December 2018	25,757	25,757
31 December 2019	25,823	25,781
Remaining useful life (years)	0 - 10 year	0 - 10 year
Amortisation charge for the year		
2018	5,255	5,255
2019	6,153	6,146

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets/ deferred tax liabilities

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows :

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	342,993	299,831	342,823	299,831
Allowance for impairment of assets foreclosed	1,020	1,820	1,020	1,820
Provision for long-term employee benefits	18,778	7,766	18,778	7,744
Derivatives liabilities	2,881	4,575	2,881	4,575
Others	6,375	453	6,375	453
Deferred tax assets	372,047	314,445	371,877	314,423

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax liabilities				
Differences in income recognition for accounting and tax purposes	47,008	202,555	47,008	202,555
Others	24,826	14,083	24,826	14,083
Deferred tax liabilities	71,834	216,638	71,834	216,638
Deferred tax assets - net	300,213	97,807	300,043	97,785

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2019 and 2018 are as follows

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2562	2561	2562	2561
Current income tax:				
Current income tax charge for the year	1,254,860	1,004,398	1,251,929	1,002,878
Adjustment in respect of income tax of previous year	(353)	99	(353)	99
Deferred tax:				
Relating to origination and reversal of temporary differences	(199,000)	(91,151)	(198,830)	(91,148)
Income tax expenses reported in the statements of comprehensive income	1,055,507	913,346	1,052,746	911,829

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax relating to unrealized gain from cash flow hedges	(688)	(3,908)	(688)	(3,908)
Deferred tax relating to actuarial (gain) loss	4,094	(2,083)	4,116	(2,083)
Deferred tax reported in the other comprehensive income	3,406	(5,991)	3,428	(5,991)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	5,292,975	4,626,731	5,279,171	4,619,147
Applicable tax rates	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	1,058,595	925,347	1,055,834	923,830
Adjustment in respect of income tax of previous year	(353)	99	(353)	99
Additional deductions allowed for expenses	(16,555)	(17,923)	(16,555)	(17,923)
Effects of non-deductible expenses and non-taxable income	13,820	5,823	13,820	5,823
Income tax expenses reported in the statements of comprehensive income	1,055,507	913,346	1,052,746	911,829

16. Other non-current assets

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2019	2018
Building lease deposits	123,498	104,532
Other non-current assets	18,157	20,632
Total	141,655	125,164

17. Short-term loans from financial institutions

As at 31 December 2019 and 2018, the following are short-term loan in the form of promissory notes and bill of exchanges from financial institutions in Thailand:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
Loan facility / Repayment schedule	2019	2018
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	-	500,000
b) 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	650,000	1,320,000
c) 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	300,000	-
d) Bill of exchange, with principal repayment at the date specified on each bill of exchange	947,233	2,955,444
Total	1,897,233	4,775,444
Less: Deferred issuing costs	-	(169)
Total short-term loans from financial institutions	1,897,233	4,775,275

Under the agreements of loans a) to c) 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 and interest coverage ratio, and also the portion of the Company's shares held by the major shareholders.

As at 31 December 2019, the Company has Baht 7,170 million for bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (2018: Baht 6,300 million).

18. Other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accrued employee expenses	430,268	314,036	430,268	314,033
Accrued special business tax expenses	66,862	59,229	66,862	59,229
Accrued expenses	4,045	6,694	3,865	6,514
Accrued interest expenses	340,390	255,093	340,390	255,093
Other account payables	49,166	24,271	35,340	16,209
Total other payables	890,731	659,323	876,725	651,078

19. Long-term loans

As at 31 December 2019 and 2018, the following are loans from commercial banks in Thailand.

(Unit: Thousand Baht)

Facility no.	Loan facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
1	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
2	Credit facility amounting to Baht 500 million, repayable principal equally every 3 months within July 2019, and interest charged at a fixed rate, payable monthly	-	187,500
3	Credit facility amounting to Baht 2,000 million, repayable principal equally every 3 months within November 2021 and December 2021, with interest at the rate of THBFIX plus a fixed percent per annum, payable monthly	1,000,000	1,500,000



(Unit: Thousand Baht)

Facility no.	Loan facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
4	Credit facility amounting to Baht 500 million, repayable principal within November 2019, and interest charged at a fixed rate, payable monthly	-	500,000
5	Credit facility amounting to Baht 500 million, repayable principal within March 2020, and interest charged at a fixed rate, payable monthly	500,000	500,000
6	Credit facility amounting to Baht 750 million, repayable principal within March 2020, and interest charged at a fixed rate, payable every 3 months	750,000	750,000
7	Credit facility amounting to Baht 500 million, repayable principal within April 2020, and interest charged at a fixed rate, payable monthly	500,000	500,000
8	Credit facility amounting to Baht 500 million, repayable principal equally every 3 months within June 2021, and interest charged at a fixed rate, payable every 3 months	250,000	416,667
9	Credit facility amounting to Baht 1,000 million, repayable principal equally every 3 months within June 2020, and interest charged at a fixed rate, payable monthly	250,000	750,000
10	Credit facility amounting to Baht 1,000 million, repayable principal within March 2020, and interest charged at a fixed rate, payable monthly	1,000,000	1,000,000
11	Credit facility amounting to Baht 600 million, repayable principal within October 2021, and interest charged at a fixed rate, payable monthly	600,000	600,000
12	Credit facility amounting to Baht 500 million, repayable principal within June 2021, and interest charged at a fixed rate, payable monthly	500,000	-

(Unit: Thousand Baht)

Facility no.	Loan facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
13	Credit facility amounting to Baht 500 million, repayable principal equally every 3 months within July 2021, and interest charged at a fixed rate, payable monthly	437,500	-
14	Credit facility amounting to Baht 1,000 million, repayable principal within March 2021, and interest charged at a fixed rate, payable monthly	1,000,000	-
15	Credit facility amounting to Baht 250 million, repayable principal equally every 3 months within December 2021, and interest charged at a fixed rate, payable monthly	250,000	-
Total		7,037,500	7,704,167
Less: Deferred issuing costs		(5,842)	(9,436)
Long-term loans		7,031,658	7,694,731
Less: Current portion due within 1 year		(4,038,162)	(2,849,398)
Long-term loans - net of current portion		2,993,496	4,845,333

For loan 1) to 9), 11) to 13) and 15), 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 also the portion of the Company's shares held by the major shareholders, depending on the conditions in each agreement.

For loan 10) and 14), the Company is required to comply with certain terms and conditions to maintain ratios of total debt to equity and the proportionate shareholdings of the major shareholders.

As at 31 December 2019, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,500 million (2018: Baht 1,000 million).

As at 31 December 2019, the Company has outstanding commitments of loans 3) 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 amounting to Baht 500 million in November 2021 and amounting to Baht 1,500 million in December 2021 respectively, in line with terms of loan payment.

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated and separate financial statements
Balance as at 1 January 2019	7,704,167
Add: Drawdown during the year	2,250,000
Less: Repayment during the year	(2,916,667)
Balance as at 31 December 2019	7,037,500

20. Long-term debentures

As at 31 December 2019 and 2018, these debentures are registered, unsubordinated and unsecured debentures. Details are as follow:

(Unit: Thousand Baht)

Debenture	Facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
1	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
2	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
3	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
4	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
5	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
6	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

(Unit: Thousand Baht)

Debenture	Facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
7	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 3 months	-	310,000
8	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
9	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
10	Debenture amounting to Baht 2,600 million with a tenor of 3 years, maturing in February 2020, bearing interest at a fixed rate, payable every 6 months	2,600,000	2,600,000
11	Debenture amounting to Baht 1,320 million with a tenor of 2 years 6 months, maturing in November 2019, bearing interest at a fixed rate, payable every 6 months	-	1,320,000
12	Debenture amounting to Baht 1,930 million with a tenor of 3 years 6 months, maturing in November 2020, bearing interest at a fixed rate, payable every 6 months	1,930,000	1,930,000
13	Debenture amounting to Baht 110 million with a tenor of 3 years, maturing in July 2020, bearing interest at a fixed rate, payable every 3 months	110,000	110,000
14	Debenture amounting to Baht 800 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 6 months	800,000	800,000
15	Debenture amounting to Baht 100 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 3 months	100,000	100,000
16	Debenture amounting to Baht 1,947.2 million with a tenor of 3 years, maturing in August 2020, bearing interest at a fixed rate, payable every 6 months	1,947,200	1,947,200
17	Debenture amounting to Baht 1,295.8 million with a tenor of 4 years, maturing in August 2021, bearing interest at a fixed rate, payable every 6 months	1,295,800	1,295,800
18	Debenture amounting to Baht 1,250 million with a tenor of 2 years 11 months 18 days, maturing in October 2020, bearing interest at a fixed rate, payable every 6 months	1,250,000	1,250,000

(Unit: Thousand Baht)

Debtenture	Facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
19	Debtenture amounting to Baht 2,000 million with a tenor of 3 years, maturing in February 2021, bearing interest at a fixed rate, payable every 6 months	2,000,000	2,000,000
20	Debtenture amounting to Baht 1,000 million with a tenor of 4 years, maturing in February 2022, bearing interest at a fixed rate, payable every 6 months	1,000,000	1,000,000
21	Debtenture amounting to Baht 1,833 million with a tenor of 2 years 10 months, maturing in May 2021, bearing interest at a fixed rate, payable every 6 months	1,833,000	1,833,000
22	Debtenture amounting to Baht 1,564 million with a tenor of 4 years, maturing in July 2022, bearing interest at a fixed rate, payable every 6 months	1,564,000	1,564,000
23	Debtenture amounting to Baht 1,697.5 million with a tenor of 3 years, maturing in November 2021, bearing interest at a fixed rate, payable every 6 months	1,697,500	1,697,500
24	Debtenture amounting to Baht 1,515.5 million with a tenor of 4 years, maturing in November 2022, bearing interest at a fixed rate, payable every 6 months	1,515,500	1,515,500
25	Debtenture amounting to Baht 1,650.3 million with a tenor of 3 years 6 days, maturing in February 2022, bearing interest at a fixed rate, payable every 3 months	1,650,300	-
26	Debtenture amounting to Baht 2,349.7 million with a tenor of 3 years 8 months 11 days, maturing in November 2022, bearing interest at a fixed rate, payable every 3 months	2,349,700	-
27	Debtenture amounting to Baht 500 million with a tenor of 3 years 2 days, maturing in February 2022, bearing interest at a fixed rate, payable every 3 months	500,000	-
28	Debtenture amounting to Baht 270 million with a tenor of 3 years 11 days, maturing in June 2022, bearing interest at a fixed rate, payable every 3 months	270,000	-
29	Debtenture amounting to Baht 1,200 million with a tenor of 2 years, maturing in July 2021, bearing interest at a fixed rate, payable every 3 months	1,200,000	-
30	Debtenture amounting to Baht 2,043.3 million with a tenor of 3 years, maturing in July 2022, bearing interest at a fixed rate, payable every 3 months	2,043,300	-

(Unit: Thousand Baht)

Debenture	Facility / Repayment schedule	Consolidated and separate financial statements	
		2019	2018
31	Debenture amounting to Baht 1,756.7 million with a tenor of 4 years, maturing in July 2023, bearing interest at a fixed rate, payable every 3 months	1,756,700	-
32	Debenture amounting to Baht 200 million with a tenor of 2 years 11 days, maturing in July 2021, bearing interest at a fixed rate, payable every 3 months	200,000	-
33	Debenture amounting to Baht 500 million with a tenor of 3 years 11 months 22 days, maturing in July 2023, bearing interest at a fixed rate, payable every 6 months	500,000	-
34	Debenture amounting to Baht 200 million with a tenor of 2 years 11 months 30 days, maturing in August 2022, bearing interest at a fixed rate, payable every 3 months	200,000	-
35	Debenture amounting to Baht 500 million with a tenor of 1 year 11 months 29 days, maturing in August 2021, bearing interest at a fixed rate, payable every 6 months	500,000	-
36	Debenture amounting to Baht 500 million with a tenor of 2 years, maturing in August 2021, bearing interest at a fixed rate, payable every 6 months	500,000	-
37	Debenture amounting to Baht 1,000 million with a tenor of 2 years, maturing in November 2021, bearing interest at a fixed rate, payable every 6 months	1,000,000	-
38	Debenture amounting to Baht 1,500 million with a tenor of 3 years 3 months, maturing in February 2023, bearing interest at a fixed rate, payable every 3 months	1,500,000	-
39	Debenture amounting to Baht 500 million with a tenor of 4 years, maturing in November 2023, bearing interest at a fixed rate, payable every 3 months	500,000	-
40	Debenture amounting to Baht 1,000 million with a tenor of 3 years 3 months, maturing in February 2023, bearing interest at a fixed rate, payable every 6 months	1,000,000	-
Total		35,313,000	23,042,000
Less: Deferred issuing costs		(105,652)	(52,452)
Long-term debentures		35,207,348	22,989,548
Less: Current portion due within 1 year		(8,733,878)	(3,397,033)
Long-term debentures - net of current portion		26,473,470	19,592,515

Debentures 1) to 40) have a condition to maintain a debt to equity ratio at end of each fiscal year.

**21. Liabilities under hire purchase payable**

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2019	2018
Liabilities under hire purchase payable	48,315	47,059
Less: Deferred interest expenses	(1,974)	(1,909)
Total	46,341	45,150
Less: Portion due within one year	(19,241)	(19,987)
Liabilities under hire purchase payable - net of current portion	27,100	25,163

The Company has entered into hire purchase 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 agreements are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2019		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	20,333	27,982	48,315
Less: Deferred interest expenses	(1,092)	(882)	(1,974)
Present value of minimum lease payments	19,241	27,100	46,341

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2019		
	Less than 1 year	1 - 5 years	Total
Minimum lease payments	21,103	25,956	47,059
Less: Deferred interest expenses	(1,116)	(793)	(1,909)
Present value of minimum lease payments	19,987	25,163	45,150

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 financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Provision for long-term employee benefits				
at beginning of year	38,826	41,470	38,717	41,372
Included in profit or loss:				
Current service cost	10,777	6,605	10,777	6,596
Interest cost	1,195	1,367	1,195	1,365
Past service costs	22,680	-	22,680	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(4,842)	-	(4,842)
Financial assumptions changes	16,197	(4,891)	16,197	(4,891)
Experience adjustments	4,275	(683)	4,384	(683)
Benefits paid during the year	(56)	(200)	(56)	(200)
Provision for long-term employee benefits				
at end of year	93,894	38,826	93,894	38,717

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 22.68 million (The Company only: Baht 22.68 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in the income statement of the current period.

The Company expects to pay Baht 0.35 million of long-term employee benefits during the next year (2018: Baht 0.31 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 19 years (2018: separate financial statements: 19 years, subsidiary's financial statements: 6 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.70%	2.30%, 3.10%	1.70%	3.10%
Future salary increase rate	6%	3%, 6%	6%	6%
Turnover rate (depending on age of employee)	2.50%-20%	2.50%-20%	2.50%-20%	2.50%-20%

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements					
	2019					
	Discount rate		Salary increase 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	(8.56)	9.71	9.33	(8.33)	(9.71)	11.69

(Unit: Million Baht)

	Consolidated financial statements					
	2018					
	Discount rate		Salary increase rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 1%	Decreased by 1%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(3.31)	3.73	3.63	(3.26)	(3.61)	4.31

(Unit: Million Baht)

Separate financial statements

	2019					
	Discount rate		Salary increase 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	(8.56)	9.71	9.33	(8.33)	(9.71)	11.69

(Unit: Million Baht)

Separate financial statements

	2018					
	Discount rate		Salary increase rate		Turnover rate	
	Increased by 0.5%	Decreased by 0.5%	Increased by 1%	Decreased by 1%	Increased by 10%	Decreased by 10%
Increase (decrease) in provisions for long-term employee benefits	(3.30)	3.72	3.63	(3.26)	(3.61)	4.30

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. At present, the statutory reserve has fully been set aside.

24. Dividend

On 20 April 2018, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.18 per share from the 2017 operating results to the holders of the Company's 2,120 million shares, or a total of Baht 381.6 million.

On 18 April 2019, the Annual General Meeting of Shareholders of the Company approved to pay a dividend of Baht 0.26 per share from the 2018 operating results to the holders of the Company's 2,120 million shares, or a total of Baht 551.2 million.

25. Capital Management

The primary objective of the Company 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 2019, the Group's debt to equity ratio was 2.87:1 (2018: 3:1).

26. Expenses by nature

For the years ended 31 December 2019 and 2018, significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Salary, wages and other employee benefits	3,008,687	2,228,015	3,008,529	2,227,688
Rental and service expenses	749,414	611,765	748,635	611,340
Special business tax	441,780	345,798	441,780	345,798
Travelling expenses	126,052	109,170	126,049	109,169
Depreciation and amortisation expenses	275,738	217,966	275,719	217,952
Utilities expenses	132,757	99,122	132,757	99,122
Telecommunication expenses	57,048	46,974	57,048	46,974
(Gain) loss on disposals of assets foreclosed	(2,527)	2,787	(2,527)	2,787
Bad debts and doubtful accounts	554,213	586,211	553,362	586,211

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (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 2019 amounting to approximately Baht 27.12 million (2018: Baht 20.11 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 operating decision maker has been identified as the Chief Executive Officer.

The Company's principal operations involve a single operating segment in lending business, and each its subsidiary is principally engaged into a single operating segment in insurance brokerage and providing motorcycles hire purchase business. 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. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

Financial information of the Group presented by segment for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2019				
	Lending business	Insurance broker	Hire purchase	Eliminations	Consolidated
Interest and fee income from loan receivables and hire purchase receivables	11,874,460	-	5,234	-	11,879,694
Fee and service income	678,881	44,331	2	-	723,214
Other income	118,140	240	-	(33,358)	85,022
Total income	12,671,481	44,571	5,236	(33,358)	12,687,930
Selling and administrative expenses	5,312,395	33,016	1,837	(33,060)	5,314,188
Bad debts and doubtful accounts	553,362	-	851	-	554,213
Profit before finance cost and income tax expenses	6,805,724	11,555	2,548	(298)	6,819,529
Less: Finance cost	(1,526,553)	-	(298)	298	(1,526,553)
Profit before income tax expenses	5,279,171	11,555	2,250	-	5,292,976
Less: Income tax expenses	(1,052,746)	(2,310)	(451)	-	(1,055,507)
Profit for the year	4,226,425	9,245	1,799	-	4,237,469

(Unit: Thousand Baht)

For the year ended 31 December 2018

	Lending business	Insurance broker	Hire purchase	Eliminations	Consolidated
Interest and fee income from loan receivables	9,544,311	-	-	-	9,544,311
Fee and service income	758,502	37,881	-	-	796,383
Other income	102,498	199	-	(26,930)	75,767
Total income	10,405,311	38,080	-	(26,930)	10,416,461
Selling and administrative expenses	4,096,898	30,495	-	(26,930)	4,100,463
Loss on disposals of assets foreclosed	2,787	-	-	-	2,787
Bad debts and doubtful accounts	586,211	-	-	-	586,211
Profit before finance cost and income tax expenses	5,719,415	7,585	-	-	5,727,000
Less: Finance cost	(1,100,268)	-	-	-	(1,100,268)
Profit before income tax expenses	4,619,147	7,585	-	-	4,626,732
Less: Income tax expenses	(911,829)	(1,517)	-	-	(913,346)
Profit for the year	3,707,318	6,068	-	-	3,713,386

(Unit: Thousand Baht)

As at 31 December 2019

	Lending business	Insurance broker	Hire purchase	Eliminations	Consolidated
Cash and cash equivalents	743,186	28,452	11,534	-	783,172
Loan receivables	58,538,785	-	-	-	58,538,785
Hire purchase receivables	-	-	83,946	-	83,946
Short-term loans	74,566	-	-	-	74,566
Investments in subsidiaries	22,000	-	-	(22,000)	-
Land, building and equipment	1,778,289	-	23	-	1,778,312
Other assets	682,895	31,840	9,631	(111,545)	612,821
Total assets	61,839,721	60,292	105,134	(133,545)	61,871,602

(Unit: Thousand Baht)

As at 31 December 2018

	Lending business	Insurance broker	Hire purchase	Eliminations	Consolidated
Cash and cash equivalents	856,980	23,184	-	-	880,164
Loan receivables	46,548,317	-	-	-	46,548,317
Short-term loans	57,300	-	-	-	57,300
Investments in subsidiary	2,000	-	-	(2,000)	-
Land, building and equipment	1,268,497	7	-	-	1,268,504
Other assets	385,145	20,568	-	(13,889)	391,824
Total assets	49,118,239	43,759	-	(15,889)	49,146,109

Major customers

For the years 2019 and 2018, the Group has no major customers with revenues equal to 10 percent or more of their revenues.

Geographic information

The Group 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 parties transactions

During the years, the Group 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.



<u>Name of related parties</u>	<u>Relationship with the Company</u>
Muangthai Leasing Insurance Broker Company Limited	Subsidiary company
Muangthai Leasing Company Limited	Subsidiary company

(Unit: Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>		<u>Transfer Pricing Policy</u>
	<u>financial statements</u>		<u>financial statements</u>		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>(For the year 2019)</u>
<u>For the years ended 31 December</u>					
<u>Transactions with subsidiaries company</u>					
Fee income on support service	-	-	32,281	26,505	As stipulated in agreements
Rental income	-	-	779	425	As stipulated in agreements
Interest income	-	-	298	-	As stipulated in agreements
<u>Transactions with related parties</u>					
Interest income - loan to management	5	6	5	6	At the rate of 8.0 percent per annum
Rental expense - directors	6,589	6,589	6,589	6,589	As stipulated in agreements
Commission expense - shareholder	2,060	1,681	2,060	1,681	Same rate that the Company paid to other agents

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<u>Subsidiaries</u>				
Other receivables	-	-	86,660	2,828
Other current liabilities	-	-	24,885	11,061
<u>Related person</u>				
Short-term loans - management	18	50	18	50
Other current liabilities - shareholder	196	146	196	146

Directors and management's benefits

During the years ended 31 December 2019 and 2018 the Group had the following employee benefit expenses payable to their directors and management.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	38,601	38,311	38,529	38,167
Post-employment benefits	7,499	1,008	7,499	995
Total	46,100	39,319	46,028	39,162

31. Commitments

31.1 Office rental commitments

The Company has entered into several lease agreements in respect of office building space. The terms of the agreements are generally between 1 and 5 years. As at 31 December 2019, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Thousand Baht)

Payable:	Consolidated and separate financial statements		
	Related	Other parties	Total
Within 1 year	6,417	447,103	453,520
1 to 5 years	262	349,974	350,236



31.2 Capital expenditure commitments

As at 31 December 2019, the Group had capital commitments of Baht 292 million relating to the constructing of head office building (2018: Baht 239 million).

32. Contingent Liabilities / Litigation

As at 31 December 2019, the Company is being sued in civil lawsuits and torture cases with claims totaling Baht 1 million that have not yet been finalised. The management of the Company has exercised judgement to assess the possible outcomes of litigation and believes that when the case is finally settled, there will be no material impact on the financial position and operating results of the company. Therefore, no contingent liability has been recognised.

33. Financial instruments

The Group's financial instruments, as defined under Thai Accounting Standard No.107 ***“Financial Instruments: Disclosure and Presentations”***, principally comprise cash and cash equivalents, loan receivables, hire purchase receivables, loans, restricted bank deposits, derivative liabilities, borrowings, debentures and liabilities under hire purchase payables. The financial risks associated with these financial instruments and how they are managed is described below.

33.1 Credit risk

The Group is exposed to credit risk primarily with respect to loan receivables consist of loans secured against vehicle registrations, land title deeds, condominium loans, personal loans without collateral and Nano finance and hire purchase receivables. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group 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 amounts of loan receivables less allowance for doubtful debts as stated in the statements of financial position.

33.2 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 Group. As the Group have no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

Interest rate risk

As at 31 December 2019 and 2018, significant financial assets and liabilities 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: Thousand Baht)

	Consolidated financial statements					
	2019					
	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
Financial assets						(% per annum)
Cash and cash equivalents	-	-	589	194	783	0.50 - 0.625
Loan receivables ⁽¹⁾	16,436	43,196	-	621	60,253	15.00 - 36.00
Hire purchase receivables ⁽¹⁾	3	82	-	-	85	21.55 - 27.61
Short-term loans	75	-	-	-	75	8.00
Restricted bank deposits	10	-	-	-	10	0.70 - 0.90
Financial liabilities						
Short-term loans from financial institutions	1,897	-	-	-	1,897	1.65 - 2.15
Derivative liabilities	-	-	-	14	14	-
Long-term loans	3,540	2,495	997	-	7,032	3.20 - 4.20
Long-term debentures	8,734	26,473	-	-	35,207	2.80 - 4.30
Liabilities under hire purchase payables	2	44	-	-	46	1.46 - 4.08

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



(Unit: Million Baht)

Consolidated financial statements

2018

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)
Financial assets						
Cash and cash equivalents	-	-	684	196	880	0.50 - 0.625
Loan receivables ⁽¹⁾	14,212	33,295	-	540	48,047	15.00 - 36.00
Short-term loans	57	-	-	-	57	8.00
Restricted bank deposits	9	-	-	-	9	0.90
Financial liabilities						
Short-term loans from financial institutions	4,775	-	-	-	4,775	1.95 - 2.15
Derivative liabilities	-	-	-	23	23	-
Long-term loans	1,352	3,849	2,494	-	7,695	3.15 - 4.25
Long-term debentures	3,397	19,593	-	-	22,990	3.10 - 4.30
Liabilities under hire purchase payables	3	42	-	-	45	2.96 - 4.20

(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						
2019						
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest Rate (% per annum)
	Within 1 year	Over 1-5 years				
Financial assets						
Cash and cash equivalents	-	-	561	182	743	0.50 - 0.625
Loan receivables ⁽¹⁾	16,436	43,196	-	621	60,253	15.00 - 36.00
Other receivables-subsiidiaries	40	-	-	47	87	4.00
Short-term loans	75	-	-	-	75	8.00
Investments in subsidiaries	-	-	-	22	22	-
Financial liabilities						
Short-term loans from financial institutions	1,897	-	-	-	1,897	1.65 - 2.15
Derivative liabilities	-	-	-	14	14	-
Long-term loans	3,540	2,495	997	-	7,032	3.20 - 4.20
Long-term debentures	8,734	26,473	-	-	35,207	2.80 - 4.30
Liabilities under hire purchase payables	2	44	-	-	46	1.46 - 4.08

(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

Transactions	2018					
	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				
Financial assets						
Cash and cash equivalents	-	-	661	196	857	0.50 - 0.625
Loan receivables ⁽¹⁾	14,212	33,295	-	540	48,047	15.00 - 36.00
Other receivables-subsiary	-	-	-	3	3	-
Short-term loans	57	-	-	-	57	8.00
Investments in subsidiary	-	-	-	2	2	-
Financial liabilities						
Short-term loans from financial institutions	4,775	-	-	-	4,775	1.95 - 2.15
Derivative liabilities	-	-	-	23	23	-
Long-term loans	1,352	3,849	2,494	-	7,695	3.15 - 4.25
Long-term debentures	3,397	19,593	-	-	22,990	3.10 - 4.30
Liabilities under hire purchase payables	3	42	-	-	45	2.96 - 4.20

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

In addition, as at 31 December 2019, the Company had commitment under Interest Rate Swap, where by the floating interest rates were changed to fixed interest rates. The fair value are as below:

(Unit: Million Baht)

Maturity	Notional amount	Fair value - derivatives liabilities
Interest rate swap agreement for Cash flow hedges		
Settle throughout the contract period until November 2021	250	3
Settle throughout the contract period until December 2021	750	11
	1,000	14

33.3 Liquidity risk

Liquidity risk is the risk that the Group 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 2019 and 2018 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2019				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	783	-	-	-	783
Loan receivables ⁽¹⁾	-	35,839	23,793	621	60,253
Hire purchase receivables ⁽¹⁾	-	27	58	-	85
Short-term loans	-	75	-	-	75
Restricted bank deposits	-	10	-	-	10
Financial liabilities					
Short-term loans from financial institutions	-	1,897	-	-	1,897
Derivative liabilities	-	-	14	-	14
Long-term loans	-	4,038	2,994	-	7,032
Long-term debentures	-	8,734	26,473	-	35,207
Liabilities under hire purchase payables	-	19	27	-	46

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

(Unit: Million Baht)

Consolidated financial statements

Transactions	2018				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	880	-	-	-	880
Loan receivables ⁽¹⁾	-	29,436	18,071	540	48,047
Short-term loans	-	57	-	-	57
Restricted bank deposits	-	9	-	-	9
Financial liabilities					
Short-term loans from financial institutions	-	4,775	-	-	4,775
Derivative liabilities	-	5	18	-	23
Long-term loans	-	2,850	4,845	-	7,695
Long-term debentures	-	3,397	19,593	-	22,990
Liabilities under hire purchase payables	-	20	25	-	45

(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

Transactions	2019				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	743	-	-	-	743
Loan receivables ⁽¹⁾	-	35,839	23,793	621	60,253
Other receivables – subsidiaries	-	87	-	-	87
Short-term loans	-	75	-	-	75
Investments in subsidiaries	-	-	-	22	22
Financial liabilities					
Short-term loans from financial institutions	-	1,897	-	-	1,897
Derivative liabilities	-	-	14	-	14
Long-term loans	-	4,038	2,994	-	7,032
Long-term debentures	-	8,734	26,473	-	35,207
Liabilities under hire purchase payables	-	19	27	-	46

(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					
Transactions	2018				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	857	-	-	-	857
Loan receivables ⁽¹⁾	-	29,436	18,071	540	48,047
Other receivables - subsidiary	-	3	-	-	3
Short-term loans	-	57	-	-	57
Investments in subsidiary	-	-	-	2	2
Financial liabilities					
Short-term loans from financial institutions	-	4,775	-	-	4,775
Derivative liabilities	-	5	18	-	23
Long-term loans	-	2,850	4,845	-	7,695
Long-term debentures	-	3,397	19,593	-	22,990
Liabilities under hire purchase payables	-	20	25	-	45

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

33.4 Fair value

As at 31 December 2019, the Group had liabilities that were measured at fair value, and they 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					
	2019				
	Fair value				
	Book value	Total	Level 1	Level 2	Level 3
Liabilities measured at fair value					
Derivatives-Interest rate swap contracts	14	14	-	14	-
Financial assets disclosed at fair value					
Cash and cash equivalents	783	783	783	-	-
Loan receivables	58,539	58,517	-	-	58,517
Hire purchase receivables	84	84	-	-	84
Short-term loans	75	75	-	75	-
Restricted bank deposits	10	10	10	-	-

(Unit: Million Baht)

Consolidated financial statements

2019					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
Financial liabilities disclosed at fair value					
Short-term loans from financial institutions	1,897	1,897	-	1,897	-
Long-term loans	7,032	7,056	-	7,056	-
Long-term debentures	35,207	35,766	-	35,766	-
Liabilities under hire purchase payables	46	46	-	46	-

(Unit: Million Baht)

Consolidated financial statements

2018					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
Liabilities measured at fair value					
Derivatives - Interest rate swap contracts	23	23	-	23	-
Financial assets disclosed at fair value					
Cash and cash equivalents	880	880	880	-	-
Loan receivables	46,548	46,741	-	-	46,741
Short-term loans	57	57	-	57	-
Restricted bank deposits	9	9	9	-	-
Financial liabilities disclosed at fair value					
Short-term loans from financial institutions	4,775	4,775	-	4,775	-
Long-term loans	7,695	7,698	-	7,698	-
Long-term debentures	22,990	23,052	-	23,052	-
Liabilities under hire purchase payables	45	45	-	45	-

(Unit: Million Baht)

Separate financial statements

2019					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<u>Liabilities measured at fair value</u>					
Derivatives - Interest rate swap contracts	14	14	-	14	-
<u>Financial assets disclosed at fair value</u>					
Cash and cash equivalents	743	743	743	-	-
Loan receivables	58,539	58,517	-	-	58,517
Other receivables - subsidiaries	87	87	-	87	-
Short-term loans	75	75	-	75	-
Investments in subsidiaries	22	22	-	-	22
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	1,897	1,897	-	1,897	-
Long-term loans	7,032	7,056	-	7,056	-
Long-term debentures	35,207	35,766	-	35,766	-
Liabilities under hire purchase payables	46	46	-	46	-

(Unit: Million Baht)

Separate financial statements

2018					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<u>Liabilities measured at fair value</u>					
Derivatives - Interest rate swap contracts	23	23	-	23	-
<u>Financial assets disclosed at fair value</u>					
Cash and cash equivalents	857	857	857	-	-
Loan receivables	46,548	46,741	-	-	46,741
Other receivables - subsidiaries	3	3	-	3	-
Short-term loans	57	57	-	57	-
Investments in subsidiaries	2	2	-	-	2
<u>Financial liabilities disclosed at fair value</u>					
Short-term loans from financial institutions	4,775	4,775	-	4,775	-
Long-term loans	7,695	7,698	-	7,698	-
Long-term debentures	22,990	23,052	-	23,052	-
Liabilities under hire purchase payables	45	45	-	45	-



Fair value hierarchy for assets and liabilities as at 31 December 2019 and 2018 is stipulated in notes 4.17 to the financial statements.

As at 31 December 2019 and 2018, the Group have estimated the fair value of financial instruments as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans to, other receivables, restricted bank deposit and short-term loans from, their carrying amounts in the statement of financial position approximate their fair value.
- b) For loan receivables and hire purchase 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.
- c) 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.
- d) For fixed rate debentures and long-term loans, liabilities under hire purchase 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.
- e) The fair value of derivatives has been determined using a discounted future cash flow model, applying current market yield rates.

34. Event after the reporting period

On 18 February 2020, 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 0.30 per share to the shareholders from the net profit for the year 2019, or a total of Baht 636 million, and for approval a budget for debenture issuance. The Company approved an increase in the Company's registered share capital of the subsidiary, Muangthai Leasing Company Limited, from Baht 20 million (200,000 ordinary shares of Baht 100 each) to Baht 500 million (5 million ordinary shares of Baht 100 each) by issuing 4.8 million ordinary shares of Baht 100 each.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2020.

Detail of Directors, Management and Controlling Person

Board of Director Profiles

Adm. Apichat Pengsritong

Age 71 years old

Type of Director

✔ Independent Director

Date of appointment

✔ 12 September 2012

Years in Director position

✔ 7 years 3 months

Current Position

✔ Chairman of the Board of Directors,
Chairman of the Nomination and
Remuneration Committee



Address

✔ 294/10 Moo 5, Soi Nawamin 24 (Uthen 13), Nawamin Road,
Khlonggoom Sub-district, Buenggoom District, Bangkok

Education

- ✔ Naval Cadet program, class #66, Royal Thai Naval Academy
- ✔ Naval Staff program, class #45, Royal Thai Naval Staff College
- ✔ Naval War program, class #28, Naval War College, Royal Thai Navy
- ✔ Australian Command & Staff College, Australian Defence College

Director Training

- ✔ Directors Accreditation Program (DAP) class 82/2010
- ✔ Risk Management Program for Corporate Leaders (RLC 5/2016)

Work Experience

- ✔ Navigator, H.T.M.S. Tachin, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Weapon Officer, H.T.M.S. Tachin, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Executive Officer, H.T.M.S. Sarasin, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Anti-submarine Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Junior Gunnery Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Gunnery Officer, H.T.M.S. Makutrajakumarn, Anti-submarine Squadron, Royal Thai Fleet
- ✔ Commanding Officer, H.T.M.S. Supirin, Patrol Squadron, Royal Thai Fleet
- ✔ Aide to Assistant Commander-in-Chief, Royal Thai Navy
- ✔ Deputy Chief of Staff, Bangkok Naval Station (presently Bangkok Naval Base)
- ✔ Naval Attache to Jakarta
- ✔ Assistant Secretary, Naval Secretariat Department
- ✔ Assistant Director General, Naval Intelligence Department
- ✔ Deputy Director General, Naval Intelligence Department
- ✔ Commander, Submarine Squadron, Royal Thai Fleet



- ✔ Director of Joint Logistics, Supreme Command Headquarter
- ✔ Commandant, Royal Thai Naval Academy
- ✔ Senior Advisor, Royal Thai Navy
- ✔ Deputy Supreme Commander Admiral

Shareholding

- ✔ 500,000 shares Percentage 0.024 (As at 8 November 2019)

Current Position in other Listed Companies

- ✔ 2015 - Present Chairman of the Board and Chairman of the Audit Committee, JKN Global Media Plc.
- ✔ 2014 - Present Chairman of the Board, T.A.C. Consumer Plc.
- ✔ 2010 - Present Independent Director, S&J International Plc.

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 6/6 times
- ✔ Risk Management Committee 1/1 times
- ✔ Nomination and Remuneration Committee 2/2 times

Mr. Chuchat Petaumpai**Age** 66 years old**Type of Director**

✔ Director

Date of appointment

✔ 12 September 2012

Years in Director position

✔ 7 years 3 months

Current Position

✔ Director and Chairman of the Executive Committee, Member of the Corporate Governance Committee and Member of Risk Management Committee

**Address**

✔ 13 Soi Charansanitwong 83/1, Bangaor Sub-district, Bangplad District, Bangkok

Education

- ✔ Master of Business Economics, Thammasat University, 2000
- ✔ Master of Business Administration, Naresuan University, 1998
- ✔ Master of Finance, Oklahoma City University, USA, 1990
- ✔ Bachelor of Economics, Chiang Mai University, 1976

Director Training

- ✔ Directors Accreditation Program (DAP) class SET/2012
- ✔ Risk Management Program for Corporate Leaders (RLC 5/2016)

Work Experience

- ✔ Industrial Finance Corporation of Thailand (IFCT)
- ✔ Kasikornbank Plc (formerly known as Thai Farmers Bank)

Shareholding

- ✔ 710,056,400 shares Percentage 33.493 (As at 4 November 2019)

Current Position in other Listed Companies

- None -

Current Position in other companies (not listed)

- ✔ 2017 - Present Director and Member of the Nomination and Remuneration Committee Advance Power Conversion Co.,Ltd.
- ✔ 2017 - Present Director and Vice President NYE Estate Co.,Ltd.

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 6/6 times
- ✔ Risk Management Committee 4/4 times
- ✔ Nomination and Remuneration Committee 1/2 times



Mrs. Daonapa Petampai

Age 66 years old

Type of Director

✔ Director

Date of appointment

✔ 12 September 2012

Years in Director position

✔ 7 years 3 months

Current Position

✔ Director and Managing Director

Address

✔ 13 Soi Charansanitwong 83/1, Bangaor Sub-district,
Bangplad District, Bangkok

Education

✔ Master of Finance, Oklahoma City University, USA, 1989

Director Training

✔ Directors Accreditation Program (DAP) class SET/2012

Work Experience

- ✔ Assistant Unit Manager - Credit Card, Head Office, Kasikornbank Plc.
(formerly known as Thai Farmers Bank)
- ✔ Assistant Branch Manager, Kasikornbank Plc

Shareholding

✔ 720,000,000 shares Percentage 33.962 (As at 8 November 2019)

Current Position in other Listed Companies

- None -

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

✔ Board of Directors 6/6 times



Mr. Kampol Tatiyakavee**Age** 60 years old**Type of Director****Date of appointment****Years in Director position****Current Position**

- ✔ Independent Director
- ✔ 12 September 2012
- ✔ 7 years 3 months
- ✔ Chairman of the Corporate Governance Committee,
Member of the Audit Committee,
Member of the Risk Management Committee

**Address** ✔ 52/4 Soi Makesawad, Chongnonsi Sub-district, Yannawa District, Bangkok**Education** ✔ Master of Engineer (Industrial Engineering), University of Texas at Arlington, USA
Chief Executive Program, Capital Market Academy (CMA) Class 9**Director Training**

- ✔ Directors Certification Program (DCP) class 74/2006
- ✔ Directors Accreditation Program (DAP) class 55/2006
- ✔ Risk Management Program for Corporate Leaders (RCL 5/2016)
- ✔ Advanced Audit Committee Program (AAPC) Class 25/2017

Work Experience

- ✔ 200,000 shares Percentage 0.009 (As at 8 November 2019)

Current Position in other Listed Companies

- ✔ 2017 - Present Director, Bliss-Tel Plc.
- ✔ 2016 - Present Director, Power Solution Technologies Plc.
- ✔ 2010 - Present Director, We Retail Plc.
- ✔ 2017 - November 2018 Chief Executive Officer, Bliss-Tel Plc.
- ✔ 2013 - 2017 Director, Amata VN Plc.
- ✔ 2010 - 2013 Chief Operating Officer, Amata VN Plc.

Current Position in other companies (not listed)

- ✔ 2017 - Present Director, Biggas Technology Co., Ltd
- ✔ 2017 - Present Director, Thai Pipeline Network Co., Ltd

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 6/6 times
- ✔ Independent Director 1/1 times
- ✔ Audit Committee 4/4 times
- ✔ Risk Management Committee 4/4 times
- ✔ Corporate Governance Committee 1/2 times



Dr.Yodhin Anavil

Age 70 years old

Type of Director

✔ Independent Director

Date of appointment

✔ 12 September 2012

Years in Director position

✔ 7 years 3 months

Current Position

✔ Chairman of the Nomination and Remuneration and Director

Address

✔ 27/34 Soi Puekchit, Chatuchak Sub-district, Chatuchak District, Bangkok

Education

✔ Doctorate of Engineer (Electrical Engineering), University of Cincinnati, USA
✔ Master of Engineer (Electrical Engineering), George Washington University, USA

Director Training

✔ 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

Shareholding

✔ 200,000 shares Percentage 0.009 (As at 8 November 2019)

Current Position in other Listed Companies

✔ 2011 - Present Independent Director, Member of Audit Committee and Ethics Committee, Robinson Department Store Plc.
✔ 2005 - Present Independent Director, Member of Audit Committee and Nomination and Remuneration Committee, Jasmine International Plc.

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

✔ Board of Directors 6/6 times
✔ Independent Director 1/1 times
✔ Risk Management Committee 2/2 times
✔ Corporate Governance Committee 1/2 times



Mrs. Kongkeaw Piamduaytham**Age** 67 years old**Type of Director****Date of appointment****Years in Director position****Current Position**

- ✔ Independent Director
- ✔ 12 September 2012
- ✔ 7 years 3 months
- ✔ Chairman of the Audit Committee,
Member of the Nomination and
Remuneration
Committee and Independent Director
and Member of the Corporate Governance Committee



Address ✔ 291 Soi Patanakarn 61, Patanakarn Road, Praves Sub-district,
Praves District, Bangkok

Education ✔ Master of Finance, Washington State University, USA

Director Training

- ✔ Directors Certification Program (DCP) class 157/2012
- ✔ Advanced Audit Committee Program (AACP) class 13/2013
- ✔ Role of Nomination and Governance Committee (RNG) class 7/2015

Shareholding

- ✔ 800,000 shares Percentage 0.038 (As at 8 November 2019)

Current Position in other Listed Companies

- ✔ 2010 - Present Director, Aira Capital Plc.
- ✔ 2009 - Present Adviser, Aira Securities Plc.

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 4/6 times
- ✔ Audit Committee 3/4 times
- ✔ Corporate Governance Committee 1/2 times

**Mrs. Nongnuch Dawasuwan****Age** 65 years old**Type of Director**

✔ Independent Director

Date of appointment

✔ 29 March 2017

Years in Director position

✔ 2 years 9 months

Current Position✔ Member of the Audit Committee
and Member of the Risk
Management Committee**Address** ✔ 244 Udomsuk Soi 26, Sukhumvit 103, Bangna, Bangkok**Education** ✔ Bachelor's Degree: Bachelor of Accountancy, Chulalongkorn University**Director Training**

- ✔ Directors Accreditation Program (DAP) class 137/2017
- ✔ Advance Audit Committee Program (AACP) class 26/2017
- ✔ Risk Management Program for Corporate Leaders (RCL) class 13/2018

Current Position

- ✔ 2014 - 2015 Chief of Customs Service Sub-division, Nakhonphanom Customs house, Thai Customs
- ✔ 2012 - 2013 Chief of Duty Accounting Sub-division, Suvarnabhumi Airport Passenger Control Customs Bureau, Thai Customs
- ✔ 2010 - 2011 Chief of Duty Free Zone Audit Sub-division, Tax Incentives Bureau Customs, Thai Customs

Shareholding

- None -

Current Position in other Listed Companies

- None -

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 6/6 times
- ✔ Independent Director 1/1 times
- ✔ Audit Committee 4/4 times
- ✔ Risk Management Committee 4/4 times

Dr. Suksit Petampai**Age** 36 years old**Type of Director****Date of appointment****Years in Director position****Current Position**

- ✔ Director
- ✔ 18 April 2019
- ✔ 1 year 2 months
- ✔ Director / Member of the
Corporate Governance Committee/
Member of the Nomination and
Remuneration

**Address** ✔ 13 Jaransanitwong Soi 83/1, Bang-or, Bangplad, Bangkok

Education ✔ Doctor of Philosophy (Architectural Heritage Management and Tourism), International Program, Faculty of Architecture, Silpakorn University

✔ Master of Business Administration with two concentrations in Strategic Management and International Business, Sasin Graduate Institute of Business Administration of Chulalongkorn University

✔ Bachelor of Arts in International Management with a concentration in Finance, Dominican University of California, San Rafael, CA, USA

Director Training

- ✔ Directors Certification Program (DCP) class 277/2019
- ✔ Corporate Governance for Capital Market Intermediaries (CGI) class 22/2019

Shareholding

- ✔ 902,000 shares Percentage 0.043 (As at 8 November 2019)

Current Position in other Listed Companies

- ✔ 2015 - Present Silpakorn University International College: Lecturer
- ✔ 2012 - 2015 Silpakorn University International College: Guest Lecturer

Current Position in other companies (not listed)

- None -

Position in the Company which might be conflicts of interest

- None -

The Legal Dispute

- None -

Meeting attendance in 2019

- ✔ Board of Directors 5/6 times
- ✔ Nomination and Remuneration Committee 1/2 times
- ✔ Corporate Governance Committee 1/2 times



MUANGTHAI CAPITAL Charity Project



Muangthai Capital “My New Home” Project

Muangthai Capital has operated “My New Home” project for underprivileged children in order to be center of children development; helping support working parents.

In 2018, the Company has built a total of 12 centers nationwide. The centers have gained well supported from parents and continuously increase in number of children. So, in 2019, the Company has built 4 more centers including 13th of Banthaeowitthayakarn School Child Development Center, Phra Nakhon Si Ayutthaya Province, 14th of Ban Nong Wa Child Development Center, Maha Sarakham Province, 15th of Ban Nong Kung Child Development Center, Surin Province and 16th of Bang Ngon Child Development Center, Surat Thani Province. Each center costed around 1-1.2 million baht each.



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