



MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED

ANNUAL REPORT 2020

NUMBER 1

LEADER IN THAILAND'S
MICROFINANCE



Intimate services like closed family members



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Part 1 Business Operation and Operational Performance

1

Structure and Operation of Muangthai Capital

1.1 Policy and business overview

Muangthai Capital Public Company Limited and the subsidiary (“the Company”) were established by Mr. Chuchat Petaumpai and Mrs. Daonapa Petaumpai on 22nd May, 1992. Currently, the Company is classified as the Non-bank Financial Institution service provider operating the business in providing Microfinance under the personal loan business license and retail loans for occupation mainly under the supervision of the Bank of Thailand. The Company’s principle of business operation is to be the service provider of Microfinance to help people with difficult access to finance from financial institutions be able to access loan sources more easily and conveniently with reasonable, fair, and transparent financial costs. Such philosophy has then become the code of practice for business operation based on the norms of good governance, appropriate risk management, and the Company’s sustainability strategy in order to become a “responsible microfinance loan service provider”. This means the creation of microfinance loan products that can respond to the development of the country’s financial inclusion with responsibility to all stakeholders agreeing with the policy of the Bank of Thailand. At present, the Company focuses on the growth by expanding the customer base through branch expansion to cover all areas of the country. The Company believes that the distribution of financial access to people will help reducing the financial inequality in the country which is the cornerstone of the economic system for sustainable development. As on 31st December, 2020, the Company has 4,884 branches located in 74 provinces nationwide.

Currently, the Company’s outstanding loans consist of 5 main products including vehicle title loans, personal loans (unsecured), Nano Finance, land title deed pledge loans, and new motorcycle hire purchase loans. The vehicle title loans are the main products having the largest proportion. The vehicles that can be used for insurance include motorcycles, cars, pick-up trucks and agricultural vehicles registered with the Department of Land Transport.

As the group of customers of the Company are the retail customers both having regular and non-regular income and are the most important stakeholders, the Company pays great attention to the building of good and sustainable relationships with the customers by adhering to the practices following the Service Excellence Policy in line with the Company’s slogan “Intimate services like closed family members”. In addition, the Company is also committed to developing and elevating the fair service in Market Conduct for customers of the entire industry truly fairly and transparently. From this reason, the Company has been trusted by the customers who come to use the loan services of the Company for the Company to grow continually. Presently, the Company has more than 2 millions of customers from various professional groups.

1.1.1 Vision, Objectives, Goal or Strategies

Vision

“We will be No. 1 leader in the microfinance business.”

To deliver microfinance loan products with the consideration on corporate governance, social and environmental responsibilities with customer-centered excellent service standards and to focus on managing asset quality with full efficiency and sustainability.

Missions for sustainable development

- Develop microfinance loan product with the consideration on the impacts to the environment, society, and corporate governance (ESG) meaning sustainable loan products. This is to focus on granting the loans by considering the collateral value, the credit size which is suitable for the repayment ability of the customers, and the appropriate, fair and transparent interest rates.
- Improve the access to capital sources and reducing the economic inequality of Thai people especially those who cannot access to the bank’s loan sources. More branches are opened and the loan channels are expanded for people to access the urgent loan sources conveniently and quickly.
- Develop asset quality control (NPL) processes through human resource teamwork, good internal control system, appropriate and timely risk management with the indicators of operational performance and compensation which are in line with the long-term operational performance of the Company.
- Develop digital transformation processes to increase business efficiency and respond to the needs, customer’s behavior, environment in technology infrastructure, environment in digital law, and changing competition in the industry. This includes the information security management system and concise personal information keeping up with the emerging risks.

5 values

Morality, Exertion, Perspective, Harmony, and Discipline



1.1.2 28 years of success and important development

1992	<p>Muangthai Capital Public Company Limited (“the Company”) was formerly known as D.S. Leasing Company Limited and the name was changed to Muangthai Leasing Public Company Limited later. The Company was established by Mr. Chuchat Petaumpai and Mrs. Daonapa Petaumpai and was registered for the company’s established on 22nd May, 1992, to operate the business in vehicle title loans. In the first phase, we focused on motorcycle registration loan products only.</p>
2006	<p>As the Company saw an opportunity to expand its business into personal loans under the supervision of the Bank of Thailand, therefore, the Company applied for a business license from the Ministry of Finance. The permission was granted on 31st August, 2006, and the expansion of personal loan service provision to various branches was begun.</p>
2014	<p>The Company was listed on the Stock Exchange of Thailand and started trading for the first time on 26th November, 2014.</p>
2015	<p>The Company added more products to respond various needs of customers including Nano Finance. The Company was granted the business license from the Ministry of Finance on 26th May, 2015, and the land title deed pledge loans.</p>
2018	<ul style="list-style-type: none"> ● The Company’s name was changed from Muangthai Leasing Public Company Limited to Muangthai Capital Public Company Limited on 26th April, 2018. ● The Company launched a mobile application “Muangthai Capital 4.0” which can be used on both Android and iOS systems for the first time to add more notification channels and check installments for facilitating customers more. ● The Company received the “Excellent” corporate governance assessment for the year 2018 by the Thai Institute of Directors Association (IOD) for the first time. ● The Company was also selected to be included and calculated in the MSCI Global Standard Indexes.
2019	<ul style="list-style-type: none"> ● The Company was granted the personal loan license under the new supervision of the Bank of Thailand to undertake unsecured personal loans and vehicle title loans which were effective from 1st February, 2019. ● On 26th February, 2019, the meeting of the Board of Directors passed the resolution to approve the establishment of subsidiary of the Company, Muangthai Leasing Company Limited, with a registered capital of 20 million baht divided into 200,000 ordinary shares, par value of 100 baht per share, to operate a new motorcycle hire purchase business. The Company held the share in the proportion of 99.99 percent. ● The Company was upgraded from BBB to BBB+ by TRIS Rating, the credit rating company. This was the important factor that encouraged the Company to issue and offer debentures as Public Offering for the first time on 22nd February, 2019, in the amount of 4,000 million baht. The result was that the Company could build a stronger capital base. ● The Company was selected to be included in the calculation of the FTSE Index and was rated A by MSCI ESG Index. We were also selected to be calculated in the Thailand’s Sustainability Investment Index or THSI organized by the Stock Exchange of Thailand for the first year. This was an important first step for the Company’s sustainable development.

- 2019
(continue)
- The Company was certified as a company passing the self-assessment process to have policies and practices in preventing corruption in the organization fully in accordance with the criteria set forth by Collective Action Coalition Against Corruption (CAC).
 - The Company was awarded the prestigious award of Board of the Year 2018 organized by the Thai Institute of Directors Association (IOD). This was the only award in the capital market given to the board of directors of Thai listed companies who performed the operation in accordance with the principles of corporate governance and was able to perform the duties as a leader effectively.
 - The Company was awarded the prestigious awards from the SET Awards 2019 including Outstanding Company Performance Award and Outstanding CEO Awards for the Company's outstanding operational performance.

- 2020
- The Company was confirmed its rating on the BBB+ level with the stable outlook by TRIS rating, the credit rating agency, even in the situation of the coronavirus epidemic, Covid-19, which has caused fluctuations in the economy worldwide.
 - The Company was rated A by MSCI ESG Index and was selected to be calculated in the Thailand's Sustainability Investment Index or THSI organized by the Stock Exchange of Thailand for the second consecutive year. The Company was also selected to be included and calculated in the FTSE4Good Index for the first year.
 - The Company was awarded the Royal Award of Thailand Corporate Excellence Awards 2020.
 - The Company received an honor award from SET Awards 2020.

1.1.3. Use of the raised funds following the purposes

The Company used the raised funds following the purposes stated in the registration statement of securities trading as detailed below.

Use of Money	Estimated amount of the spent money	Estimated time of money spending	Details/Progress of Money Use/ Reasons and Measures in Case of Money Spending not Following the Objective
1. To repay a loan or debt from the bond issuance	6,897	Within February, 2021	Use the money obtained from the issuance of debentures and / or bills of exchange at this time to repay the loan and / or debt from the issuance of debt that is due.
2. Other cases such as capital used in the business or the business expansion	8,303	Within February, 2021	Use the money obtained from the issuance of debentures and / or bills of exchange for general business operations and / or for business expansion.

1.2 Nature of business operation

Medium-term business plan (2021-2023)

Muangthai Capital has ended the second medium-term plan which is the business plan in 2018-2020 and has achieved as planned. However, the Company has prepared the third medium-term plan which is the business plan in 2021-2023 covering all dimensions of being a non-institutional financial service provider to maintain the Growth Stage continuously and sustainably as follows.

1. The Company will be No.1 leader in the microfinance business.

2. The Company sets a growth approach for the next 3 years by maintaining 20% -25% growth rate in 2021, 20% growth rate in 2022, and 20% growth rate in 2023, respectively.

3. The Company will expand branches by opening more branches to cover all regions of Thailand. The goal is to expand an average of 500-600 branches per year to reach 6,700 branches by 2023.

4. The Company will maintain a standard of business operations by lending tightly and expediting the debt collection efficiently to maintain the Non-performing Loan for not more than 2.0% as well as maintaining the debt with a significant increase in risk (Stage 2) of not more than 8.0%. This includes

the reduction of loss from the sale of seized cars to a minimum as well as accelerating the drainage of the assets acquired from customers as much as possible to reduce the credit cost.

5. The Company focuses on building systems and mechanisms that encourage employees to use their full potential with the goal of increasing productivity in the competition of the organization. In addition, the Company will also prepare employees to have the Resilience on the occurrence in various forms in the future.

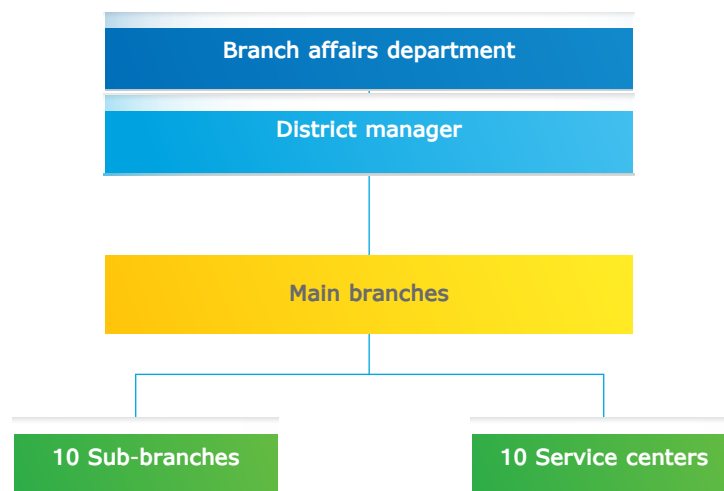
6. The Company pays attention to the diversity of channels or platforms focusing on integrating both offline channels such as media fields, print media, etc., and online channels such as mobile applications, social media, etc. to provide customer service and to expand the digital customer base in accordance with the policy of the Bank of Thailand. In addition, the Company supports the utilization of both digital and information for marketing benefit and the development of new products of the Company in the future.

7. The Company emphasizes on increasing income proportion from new motorcycle hire purchase products and still focuses on doing business in Thailand.



Management strategies

The Company operates a vehicle title loan business with a personal loan business license under the supervision of the Bank of Thailand as Microfinance mainly. There is also a loan service with title deed as collateral and Nano finance provided to retail customers who are individuals through the Company’s branches spreading across all regions of the country. With decentralization, the Company’s management is divided into the main branches, sub-branches and service centers. The main branches will be under the supervision of the district manager directly under the supervision of the branch affairs department. Each main branch is responsible for managing 10 sub-branches and 10 service centers.



Decentralization management

As the business of financial service provision to retail customers of the Company still mainly emphasizes the use of human relations, it reflects the Decentralization management to reach and retain retail customers. Then, the Company focuses on the following management strategies:

1. Strongly developing human resources and corporate culture so that middle-level executives can take care of their subordinate employees to perform their work at full efficiency to achieve the Company’s goals and to maintain competitiveness level.
2. Strengthening the internal audit system to be efficient in order to build confidence among shareholders and other stakeholders.
3. Stabilizing and enhancing the safety especially in financial management and data management with the use of technology and information systems.

Strategies of business operation to become the “responsible microfinance service provider”

The Company has stipulated the guidelines for sustainable development by considering the environmental, social and governance (ESG) impacts on business operations. The Company considers and views that the financial inequality problem is an economic problem that has long been rooted in Thailand and it is the origin of the microfinance business in Thailand. Thus, the Company’s principle is the operation by adhering to the human rights policy. This includes the loan products, processes for loan approval, and service provision which must be thorough and equal without exclusion or differentiation on the customers by physical difference, gender, race, religion, social status or political attitudes to be used as a tool to reduce financial disparities among Thai people. This is to offer an alternative source of loans to increase opportunities for people to access loan sources more easily and conveniently.

1.2.1 Product information

1. Development of loan products by considering ESG through the Asset-Based Assessment Approach

In 2020, Muangthai Capital offers microfinance loan products for retail customers by focusing on the loan products that use the unconventional loan approval method by taking into account the social impact through the Asset-Based Assessment Approach instead of the data assessment. The evidence of income type and the customer's credit bureau information may be claimed as the information that most of the country's population does not have as they are the people without regular income. The Company believes that this evaluation method is a solution for this population to access alternative loan sources. In addition, it reduces the financial disparities in the country. The Company will consider choosing the collateral for the loan products with low risk of default. The loan ratio is compared with the appropriate collateral value. The maximum limit per contract is set for customers at a low level. The interest rates are suitable for credit risk, debt collection process, and credit approval process. These are all factors contributing to the non-performing debt rate of the Company's loan portfolio to stay below the industry's non-performing debt rate. The debt rate that does not generate income of the Company is the most important performance indicator of personnel.

The main credit product of the Company is the vehicle title loan or secured loan. However, in order to meet the needs of the Company's existing customers, we have expanded the loan products into unsecured loan products under the supervised personal loan license and the small credit license for occupation under supervision and new motorcycle hire purchase loan. The Company sees the potential for the growth of such new loan products in the future. Therefore, the Company's current retail finance products can be divided into 5 main credit products and 1 additional service as follows.

1.1 Vehicle title loans

The Company provides vehicle title loans to retail customers with a personal loan business license under the supervision of the Bank of Thailand. Such personal loan business license permits to collect interest rates up to 24% per annum (according to the Bank of Thailand Notification No. SorNorSor. 12/2563 on the regulations, methods and conditions for

conducting personal loan business under supervision). The different types of vehicles covered by insurance include motorcycles, cars, pickups and agricultural vehicles registered with the Department of Land Transport and ownership of loan applicants must not be less than the period specified by the Company. However, the customers who apply for loans must deliver the original car registration booklets to the Company as a guarantee without transferring the registration ownership in the vehicle registration to the Company. The customers will still own the vehicles used as collateral for credit applications and can use the vehicles as usual.

1.2 Land title deed loans

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.

1.3 Personal loans

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. As it is a grant of unsecured loan, such license to operate a personal loan business allows the interest collection for not more than 25% per year (according to the Bank of Thailand Notification No. SorNorSor. 12/2563 on the regulations, methods and conditions for conducting personal loan business under supervision).

1.4 Nano Finance

The Company has provided Nano Finance loans with the microfinance business license under the supervision of the Bank of Thailand since 26th May, 2015. The Nano finance business license permits for collecting the interest at the rate of not over 33% per annum (according to the Bank of Thailand Notification

No. SorNorSor. 13/2563 on the regulations, methods and conditions for conducting Nano finance under supervision) and it is an unsecured loan. The objective is to provide career loans only to customers who have a history of installment of vehicle title loans with the Company before and have a good payment history.

1.5 Motorcycle leasing loans

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 vehicle title loans with the Company who have good payment history and want to buy a new motorcycle by leasing through the Company’s branches.

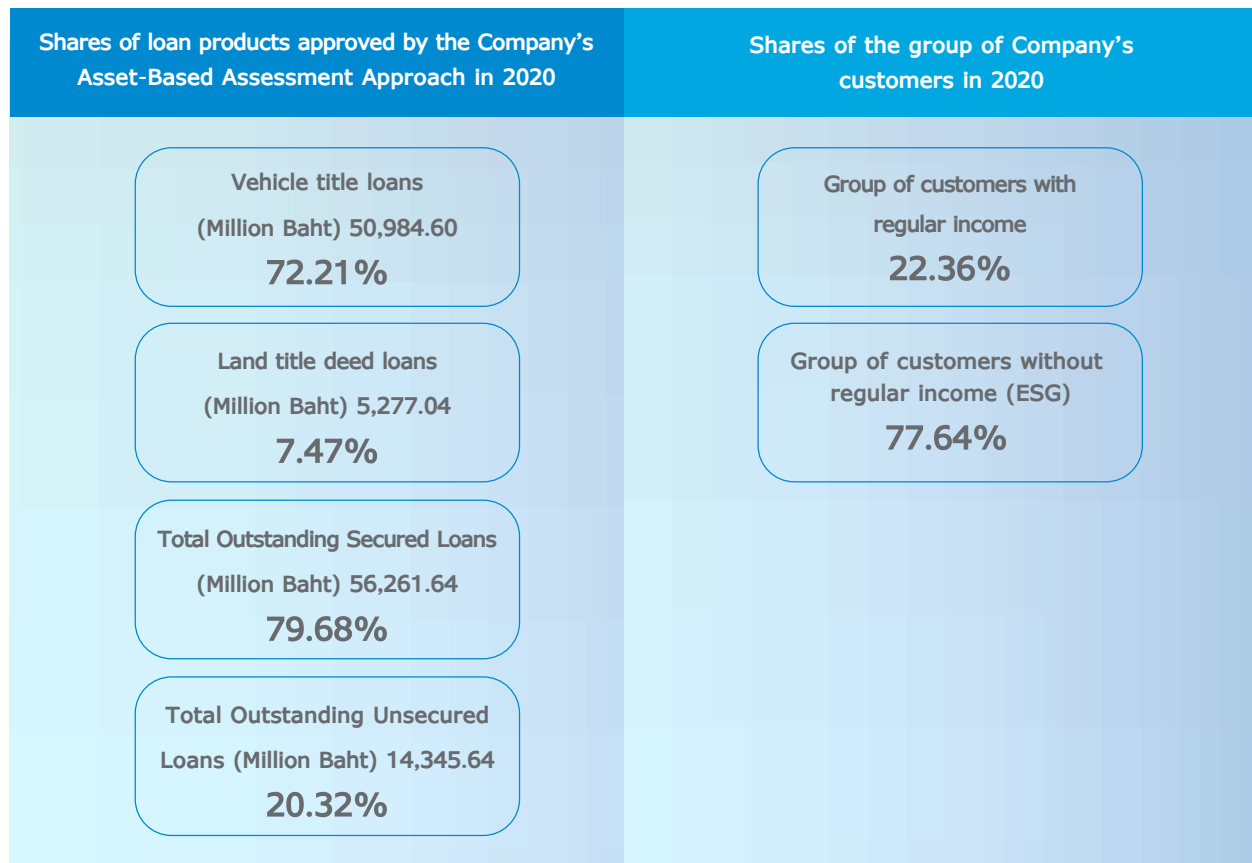
On 18th February 2020, a meeting of the Company’s Board of Directors approved an increase

in the Company’s registered share capital of the subsidiary, Muangthai Leasing Company Limited from 20 million baht to 500 million baht.

1.6 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.



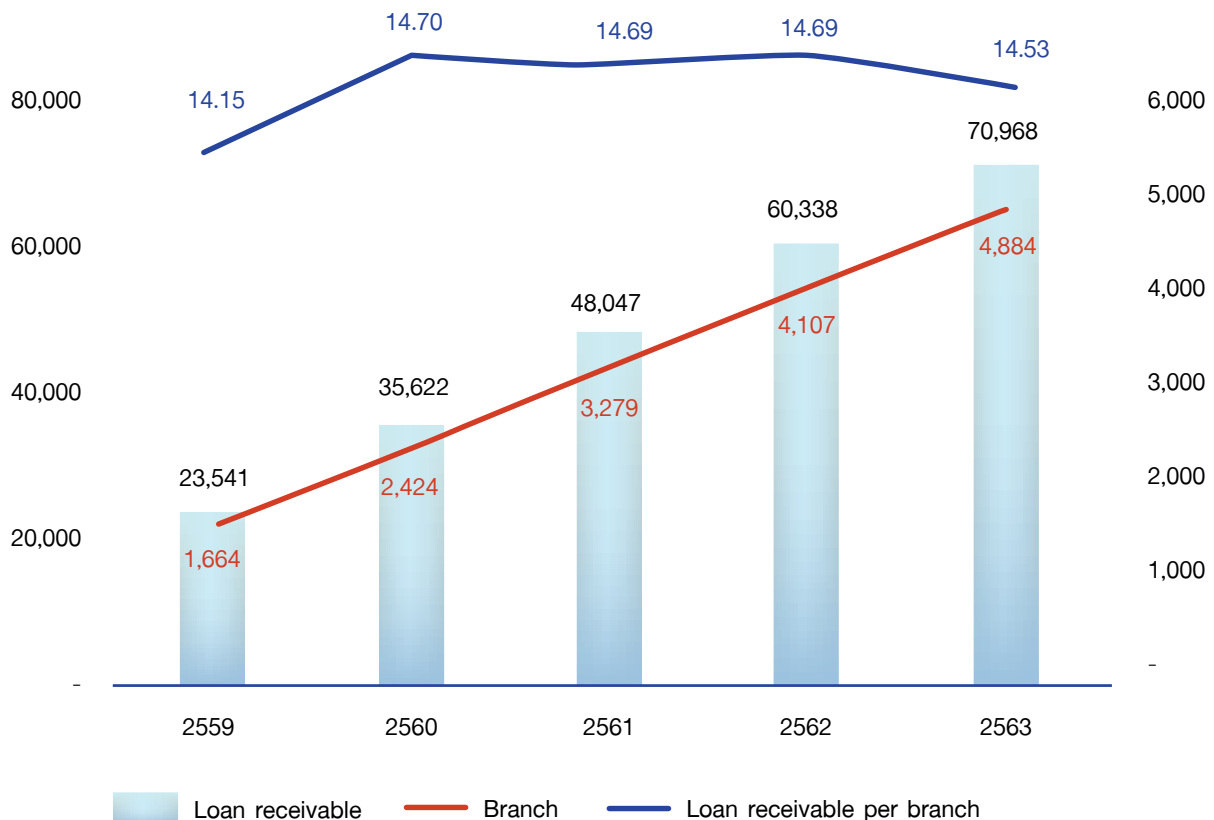
2. Development on the customer’s access to loan resources by expanding branches

The Company continues to focus on accessing the customers through the strategies of expansion on the number of branches throughout the country. The Company performs the action following the Company’s medium-term business strategy plan which covers from 2018-2020 resulting in customers and the public, especially customers who do not have access to commercial bank services or digital banking to be able to access the Company’s services more easily and more conveniently.

In the year 2020, the Company opened 777 new branches being 36 main branches, 314 sub-branches, and 427 service centers. However, the average loan outstanding rate per branch is 14.53 million baht and

the average loan outstanding rate per branch at the end of 2019 of 14.69 million baht. This reflects that the Company is able to maintain the stability in loan receivable growth through the branch expansion.

The business expansion strategy from 2021 to 2023 still maintain the growth rate through the opening of branches by opening on 600 branches per year averagely. The Company also increases the strategy in expanding the channels for credit launching and the increase of products and new credit services with the expectation that the above strategies will improve the efficiency of the branches or the ratio of credit per branch of the Company to be higher.



3. Appropriate design of loan products, conditions and procedures for controlling the risk of default payment

The Company considers collateral for the loan products with low risk of default payment. The loan granting ratio is compared to the appropriate collateral value. The maximum credit limit per contract and per customer is set at a low level. The interest rates are set suitably for the credit risk, debt collection process, and credit approval process. These are all factors contributing to the non-performing debt rate of the Company's credit portfolio to stay below the industry's non-performing debt rate. The Company's non-performing debt rate is the most important performance indicator of personnel.

4. Building the great customer experience

On 31st December, 2020, the Company has a total number of 2 million outstanding customers. As the Company sees that enhancing the efficiency of customer experience development is an important sustainable development strategy, in 2020 we have performed the following operations

4.1 Focus on providing excellent, thorough, and equitable services

- Excellence service provision policy

The Company focuses on building service standards by providing training for employees. The results of the service evaluation are included as part of Key Performance Indicator (KPI) for the service provision to customers.

- Channel for Customer Engagement

Although most of the Company's customers are the Offline group, in the past year, the Company finds that the number of customers who contacted the Company via online channels such as social media, telephone, and email were more than 170,000 persons growing from 2019 for more than 45 percentage.



4.2 Innovation development and Digital Transformation

● Muangthai 4.0 Application

This is the mobile application which has provided the service to the Company's customers since 2017 in order to facilitate the customers in checking the outstanding loans, payment date, and the locations of the Company's branches. However, the Company has a policy to develop online modules more such as online loan payment and other services in the future.

4.3 Cultivating the financial awareness and discipline to customers

● Project of recognition for income and expense

The Company has conducted the project of recognition for income and expense which is the account program allowing the users to record income and expenses based on the Bank of Thailand's guidelines. This can respond the target of reducing household debt in the citizen sector of the Bank of Thailand. The Company's customers and general people can download the program from the Company's website without charge. The program can analyze spending behavior whether there is discipline or without discipline. The goal is for users to understand their spending habits. The users can monitor their expenses, income, and savings. If the customers and general people need the income-expense account book, they can be requested from every branch of the Company.

● Project of "Debt Solving Clinic" with SAM

Apart from social activities initiated by the Company for supporting the creation of financial discipline to the Company's customers and general people, the Company has also cooperates with SAM to join the Debt Solving Clinic Project to help debtors who have debts with many creditors. These are bad debts, credit cards, cash cards and unsecured personal loans. This is to provide an opportunity to solve debt problems along with promoting learning, planning, and creating good financial discipline for debtors and interested people. It also prevents

economic and social problems of the country in the long run. This year 19 companies who are not financial institutes participate in the project.

● Join the project to provide financial knowledge to people

Finance, Financial Institutes, and Financial Markets Commission, House of Representatives, held the seminar on "Reduction of economic inequality and upgrading the foundation economy: northern region" on Friday 21st August, 2020, at the main conference room of Faculty of Economics, Chiang Mai University with live broadcast via Facebook. Khun Chuchat Petaumpai, CEO of Muangthai Capital Public Company Limited, joined as a qualified lecturer in the seminar together with Mr. Vithai Rattanakorn, Director of Government Savings Bank, and Mr. Aphrom Sukprasert, Manager of the Bank for Agriculture and Agricultural Cooperatives, to present their opinions as a guideline in reducing financial disparities to students, teachers and the general public.

4.4 Development on the industry's ethics

The Company in collaboration with entrepreneurs in the Car Registration Credit Association and Personal Credit Club participate in discussing and giving the opinion with the Bank of Thailand on guidelines and measures to help people affected by the Covid-19 pandemic in 2020 as follows.

● On 25th March, 2020, the Car Registration Credit Association and Personal Credit Club agreed that the impact of the COVID-19 virus outbreak widely affected people and businesses in all sectors. Therefore, urgent cooperation is required to enable Thailand to overcome this difficult situation. Therefore, they agreed to set minimum measures to assist debtors using credit card products, personal loans, hire purchase, leasing, home loans, and SMEs business loans which have not been overdue for more than 90 days (NPL). It has been effective since the repayment period on 1st April, 2020. The main contents related to the Company can be summarized as follows:

Loan type	Approaches for Minimum Debtor Assistance
<p>Personal loans with installments and vehicle title loan</p>	<ul style="list-style-type: none"> ● The commercial banks and Specialized Financial Institutions (SFI) postpone payments of principal and interests for 3 months. ● Other service providers choose the operation between postponing the principal and interest payments for 3 months and reducing the annuity by at least 30% of the original payment for 6 months.
<p>Hire purchase loans</p> <p>1. Motorcycle: credit limit for not more than 35,000 baht</p> <p>2. All types of cars: credit limit for not more than 250,000 baht.</p>	<p>The service providers choose the operation between</p> <ul style="list-style-type: none"> ● postponing the principal and interest payments for 3 months ● Suspending the repayment of principal debt for 6 months
<p>SMEs, Microfinance, Nano Finance with credit limit for not exceeding 20 million baht.</p>	<p>Suspending the repayment of principal debt for 3 months and considering reducing the interests following the appropriateness of each debtor.</p>

● On 19th June, 2020, the Car Registration Credit Association and Personal Credit Club announced to join in supporting the 2nd phase of the debt resolving clinic to further the intention in helping people with bad debt problems. The scope of cooperation in the 2nd phase was expanded from previously in covering only the debtors of commercial banks to cover the debtors of 19 non-bank operators as the debtors of non-bank operators were more than 80% of the total. The debtors of non-bank operators could apply from 15th May, 2019, onwards.

4.5 Respect given to the customer’s satisfaction, rights and personal information

● Feedbacks and customer satisfaction survey results



● Customer's personal information

For the Company to operate business in accordance with the Personal Information Act which was announced in the Royal Gazette on 24th May, 2019, and would come into effect from 1st January, 2020, onwards, the Company then formulates relevant policy of information protection and information security as well as disclosing such policy on the Company's website. Apart from the aforementioned policy, the Company has also raised risks associated with the protection of personal information having the legal department and technology information department to perform the operation for reducing or limiting the risks involved. The Company conforms to the law for the protection of personal information of customers.

Balance of account receivables classified by type of loan products

Type of loan products	2020		2019		2018	
	Million baht	%	Million baht	%	Million baht	%
Vehicle title loans	50,985	71.84	42,946	71.17	34,276	71.34
Loans with land title deeds as collateral	5,277	7.44	5,351	8.87	6,631	13.80
Unsecured personal loans	6,928	9.76	6,104	10.12	4,925	10.25
Nano finance loans	7,417	10.45	5,852	9.70	2,216	4.61
Hire purchase loans for new motorcycles	361	0.51	85	0.14	-	-
Total account receivables	70,968	100.00	60,338	100.00	48,047	100.00

Note: The account receivables are calculated from the contract debts and accrued interest.

1.2.2 Income structure

For the business operational performance in 2020, the Company's main income is interest income which is accounted for 94.76 percent of total income. The income from hire purchase loans have grown in line with the target set by the Company. Despite the emergence of the Covid-19 epidemic, it does not affect the income growth significantly. The Company's income structure is detailed below.

Type of income	Operated by	% of the Company's shareholding	2020		2019		2018	
			Million baht	%	Million baht	%	Million baht	%
Income from interest and fees on loan service provision								
● Vehicle title loans and land	MTC	Parent company	11,212	76.10	9,604	75.69	8,096	77.73
● Personal loans	MTC	Parent company	2,704	18.35	2,271	17.90	1,448	13.90
● Hire purchase loans	MTLS	99.99	46	0.31	5	0.04	-	-
Total of interest and fee income			13,962	94.76	11,880	93.63	9,544	91.63

Type of income	Operated by	%of the Company's shareholding	2020		2019		2018	
			Million baht	%	Million baht	%	Million baht	%
Income , fees and service ¹⁾			677	4.60	679	5.35	758	7.28
● Commission income from sales of non-life insurance	MTLI	99.99	49	0.33	44	0.35	38	0.36
Other income ²⁾			45	0.31	85	0.67	76	0.73
Total income			14,733	100.00	12,688	100.00	10,416	100.00

Notes: 1) The fee income includes the collection fee and the commission from the sale of non-life insurance.
2) Other income consists of income from information services to insurance companies, profits from sale of properties, damages from car confiscation, interest income, etc.

1.2.3 Marketing and competition

1.2.3.1 Marketing and competition in the vehicle title loan and personal loan industry

Conditions and trends of the car registration/ personal loan industry and market size in 2020

The Covid-19 virus outbreak that affected not only the global economy but also the domestic economy including the entire supply chain significantly caused the slowdown in exports, tourism, and related industries arising from the lockdown of the country from foreign tourists as well as the slowdown in traveling of tourists and business people worldwide. Many institutions predict that private consumption will likely to slow down in line with lower income fundamentals. The household debt ratio will be higher. The Bank of Thailand therefore asked for cooperation from financial institutes and non-financial institute entrepreneurs in issuing measures to assist retail debtors affected by the volatile economic conditions in Phase 1. The operators can apply for Soft Loan from Government Savings Bank with low interest rates to compensate for liquidity from rescuing measures. The accounting

practice guidelines can be applied for the measures of temporary relief for businesses that assist debtors affected by the situation affecting the Thai economy announced on 16th April, 2020. The measure to assist retail debtors in Phase 2 is the special aid to individual retail debtors.

The Company has provided assistance to debtors according to the measures to provide assistance to retail debtors in Phase 1 and Phase 2 as follows;

- Postpone both principal and interest repayment for a period of 3 months.
- Extend the installment period in order to reduce the installment costs for not less than 30 percent from previously.
- Reduce the interest rate for all unsecured personal loan debtors to 22 percent for all customers generally without registration for a period of 3 months.
- Reduce the interest rate for motorcycle registration loan debtors to 21.25 percent and vehicle title loan debtors to 19 percent.

Financial Aid Measures	Number of Contracts (million contracts)	Outstanding loan balance (million baht)	Proportion to total outstanding loans (%)
Debt Suspension	0.14	3,817	6.0
Reduction of the installment costs	0.08	1,662	2.6
Total	0.22	5,479	8.6

Apart from the aforementioned retail debtor assistance measures, the government has launched various measures and projects to help people such as Rao Mai Ting Gun Project, Farmer Aid Project, and Project to help vulnerable people. The Rao Mai Ting Gun Project granted 5,000 baht for a period of 3 months to 15.3 million people who did not have regular income and were not in the social security system. The total project value was 240,000 million baht. The Farmer Aid Project granted 5,000 baht for a period of 3 months to 10 million registered farmers. The total project value was approximately 150,000 million baht. The Project to help vulnerable people granted 1,000 baht for a period of 3 months for the newborns up to the age of 6 years old and 13 million people with disabilities. The total project value was approximately 39,300 million baht. This resulted in the demands for the loans during the period of the government project operation or in the second quarter of 2020 and the demand for personal loans to slow in the entire system. The entrepreneurs were more prudent in managing asset quality such as lower LTV, higher provisioning, and the delay in loan granting, etc. However, the demand for loans increased and began to return to normal situation from the third quarter of 2020 onwards.

The situation of the Covid-19 epidemic is not expected to resolve in the near term. Besides, the direction of the Thai economy particularly in the domestic export and tourism industry will remain sluggish over the next 1-2 years if the vaccine is not widely available to the public. Therefore, the proportion of domestic household debts will continue to increase and the entrepreneurs still have to be careful about managing asset quality.

At the end of December, 2020, the non-financial institute business entrepreneurs reported the outstanding loans of personal loans under supervision (excluding car registration as collateral) in the total amount of 236,862 million baht compared to the outstanding loans of the same type of the Company in the amount of 6,982 million baht or amounting 2.92 percent of the market share. The outstanding loans of the personal loans under the supervision of vehicle title loans with collateral was in the total amount of 118,267 million baht compared to the outstanding loan of the same type of the Company for 50,984.60 million baht or amounting 43.10 percent of market share. The Nano finance had a total value of 17,441 million baht compared to the amount of outstanding loans of the same type of the Company in the amount of 7,417 million baht or amounting 42.52 percent of the market share.

**Source: the Bank of Thailand*

However, in 2019, the Ministry of Finance determined that the car loan business with car registration as collateral was the business that must be operated under the personal loan business license under supervision of the Bank of Thailand in accordance with the Ministry of Finance's notification on the businesses that need to apply for a license under Clause 5 of the Notification of the Revolutionary Council No. 58 (Personal Loan under Supervision) (No. 3) to be effective on 1st February, 2019. This resulted in a number of loan service operators both old and new to show greater interest in entering the industry competition. These operators gathered on behalf of the vehicle title loan trade association to discuss business practices for the benefits of all stakeholders.

In addition, the Ministry of Finance issued a business license under the provincial micro-credit license under supervision for the pledge loan business operators of car registration in the company form. This is to add a channel for accessing public capital (Financial Inclusion) and to create the clarity and transparency in the business operation under supervision. Thus, the existing entrepreneurs including financial institute entrepreneurs and non-financial institute entrepreneurs as well as new entrepreneurs including entrepreneurs of hire purchase loans, motorcycles, insurance companies, and operators of communication services, and other consumer products businesses turn their attention to enter the competition in the car registration and retail loan industry more. However, in this year of 2020, the competitive strategy which has begun to be developed can be described as follows.

1. Competition with different loan products

Due to the more intense competition, the retail loan operators are trying to differentiate themselves by introducing new loan products or original loan products that each operator has special expertise to maintain customer base and occupy new customer groups such as expanding from vehicle title loan products to small business loans, title deed mortgage loans, group loans, or personal loans granted to private employees who receive their salary through their own banks, etc.

2. Competition with technology

The new entrepreneurs both financial institutes and non-financial institutes who do not have sufficient potential to expand the number of branches or have a different target group possibly focus on reaching customers by using technology and data (Data Analytics) as a key competitive strategy such as lending via mobile phone applications or merging with businesses that provide technology and communication services in order to obtain information of target customers, etc. However, the Company does not ignore competition with technology but has begun working on bringing technology to improve Customer Experience Management for the convenience and more transparency in service provision. With the introduction of “Muangthai Capital 4.0” mobile application, the customers can download the application to be used in checking the outstanding balance and other services. The Company

is in the process of developing the application to create more value for accommodating the fierce competition in the industry.

In 2020, the Bank of Thailand issued the criteria for the business operation of Digital Personal Loan on 17th September, 2020, to encourage people to access financial services in the system more easily. Especially those who do not have regular income, the group that cannot be proven for the income, and the group that does not have assets to be used as collateral can use the alternative data such as payment of water, electricity, telephone bills, income or online trading behavior in assessing the ability or willingness of debt repayment. This will result in the competition in the personal loan market to have more entrepreneurs and fiercer competition. However, the Company still sees an opportunity to use the information in considering the Company’s unsecured personal loans and expand channels to apply for the loans.

3. Competition with prices and service provision

At present, the competition in the industry has not yet entered the price competition. Although, during the year 2020, some operators may have cut their interest rates down to comply with the Bank of Thailand’s regulation in lowering the personal loan interest rate throughout the system. The unsecured personal loans currently have the interest rate of 25 percent per annum. The personal loans with car registration as collateral have the interest rate of 24 percent per annum. Although the government banks have expressed interest in expanding their business into the car registration pledge loan business with interest rates lower than the market average rate, the Company views that the customers do not pay attention to the interest rate equaling to the credit limit or service provision. Thus, the competitive nature of the industry during this year is mainly the competition in service provision. When the competition starts to enter the price competition, the Company sees that the big operators are competitively advantageous due to the lower cost, larger customer base, and more effective internal risk management in maintaining debt quality. The interest rate can be then reduced to be competitive. However, the Company presently charges the interest rates lower than the industry average.



1.2.3.2 Competitive strategy

The Company's competitive strategy is in accordance with the slogan of *"Intimate services like closed family members"* which consists of the following strategies.

1. Convenient and fast service provision

The key competitive strategy for retail loans is the speed of service provision to the customers in order to respond to the demands of customers in a quick and timely manner. The Company has the concise loan approval process allowing customers to know the approval results and receive the money within 20 minutes. In addition, the Company also maintains the tight loan approval process.

2. Careful and friendly customer service

As the quality of service is the core of the Company's business operations, the Company focuses on and gives importance to provide good service to the customers. All of the Company's employees will receive regular service training enabling them to provide services to customers in a polite and friendly manner as the Company's slogan *"Intimate services like closed family members"*. From this reason, the customers return to use the Company's service continuously. This includes introducing other people to use the Company's service. Besides, the Company also emphasizes on cultivating 5 values for employees; honesty, dedication to work, good attitude, unity, and strict discipline.



3. Effective debt collection and respect for customers' human rights

With experience in service provision business on the vehicle title loans and personal loans of the Company's executives, the Company can understand the behaviors and habits of customer well. The loan approval process, credit limit, and the debt collection process are efficient and suitable for the Company's customers. The Company has set up a debtor management policy called "MTC Model" which is a comprehensive debt management in the debtor's quality, ability of debt collection, and debt management. The MTC Model is an important tool for the Company to control the debtors to be in the criteria set by the Company.

4. Having service channels covering all over the country

The Company has branches to provide services to customers covering most areas of the country including the North, the East, the West, the Central, the Northeast and the South. As of 31st December, 2020, the Company has the total of 4,884 branches. The Company can contact for using the services and paying the installments at every branch of the Company. The customers can use the Company's services more conveniently resulting in the Company to be able to continuously expand the customer base.

5. Development and digital adaptation

● Application on mobile phones

Since 2017, the Company has started to develop and adapt to the digital age completely. For the Company's sustainable growth, the "Muangthai Capital 4.0" application on iOS and Android operating systems was launched for the convenience and transparency in providing services to customers in reminders of payment due dates, amount due to be paid, and outstanding credit balance.

● New service towards Cashless Society

The Company has started Cross Bank Bill Payment service to facilitate the customers in making loan payments more conveniently and faster through K-Plus online banking application of Kasikorn Bank without charges.

● Digital marketing and social media strategies

Apart from driving marketing through digital media and social media strategies to build brand confidence and credibility, the Company also uses social media to create a bond with the Company's customers. Previously, the Company found that the communication through online media did not only help in sales but it is also an important effective communication channel between the Company and the Company's customers in other aspects such as fraudulent reporting, complaint receiving, suggestion and comment receiving. The Company has set the

guidelines and targets for the use of all social media channels including the Company’s website, Facebook, and others in sending and receiving messages for the results and maximum benefits.

● **AI Chatbot Development**

In 2019, the Company started initiating AI Chatbot to help developing and improving the communication with customer groups through Social media channels to be more efficient and faster. The Company’s AI Chatbot can answer basic customer questions about the loan products, steps for loan application, the Company’s branches, etc. The Company believes that the AI Chatbot tool is an important communication tool capable for connecting and supporting the customer engagement so that the Company can maintain the interactions with customers thoroughly even during the Company’s off-hours.

1.2.4 Procurement of Products and Services

1.2.4.1 Sources and uses of funds

As on 31st December, 2020, the Company’s major sources of funds are loans from financial institutes amounting 16 percent, borrowing by issuing the bonds (debentures and bills of exchange) amounting 55 percent with the finance sources from the shareholders amounting 29 percent.

For the use of funds as of 31st December, 2020, the credits were granted for retail customers amounting and other properties.

Issued bonds and loans

As on 31st December, 2020 and 2019, the outstanding bonds and domestic loans are as follows:

Unit: million baht	Interest rates (Percentage)	Due	2020	2019
Debentures - Baht	2.30-4.30	2021-2024	38,453	35,207
Bills of exchange - Baht	1.35-1.90	2021	1,047	947
Loans from financial institutes	1.55-4.20	2021-2022	11,475	7,982
Total			50,975	44,136

1.2.4.2 Credit Policy

Credit policy and credit risk management

The Company’s operational goal is to be the Microfinance service provider helping people with difficulty in accessing the loans from financial institutes from them to access the loan sources more easily and conveniently with the fair and transparent financial cost. This is to become the ‘responsible microfinance service provider’ meaning creating a microfinance loan product that can respond to the development of Financial Inclusion of the country with the responsibility to all stakeholders.

Therefore, the Company’s credit policy is the operation by adhering to the human rights policy. This includes the loan products, processes for loan approval, and service provision that must be thorough and equal without exclusion. The customers must not be discriminated by different physical, gender, race, religion, social status or political attitudes to be used as a tool to reduce financial inequality of Thai people by providing an alternative source of loans to increase opportunities for people to access loan sources more easily and conveniently.

The Company operates the microfinance loan business which means lending small loans to retail customers only. The credit approval process is based on social impact through the Asset-Based Assessment Approach mainly. The important loan products are vehicle title loans including motorcycles, cars, pickup trucks and agricultural vehicles registered with the Department of Land Transport. The interest rates and the Loan to Value (LTV) are set in accordance with the overall risks of default payment of each product.

The Company has set and reviewed the balance table to reduce the risk of debt default arising from the excessive credit limit. The market value of vehicles is collected from 6 in-house auction centers scattered throughout the country. LTV is centralized to set the credit limit to be the same standard with the rate suitable for the risks that is acceptable by the Company.

In addition, the Company has also established Internal Single Lending Limit to reduce debt repayment risk arising from credit concentration or provide a credit limit that exceeds the ability and intention of repayment of the customers. The credit limit per customer is set in the amount of not exceeding 510,000 baht. Therefore, the Company does not depend on any customer that accounts for more than 30% of total income or total outstanding loans.

Significant accounting policies and provisioning methods

- **Bad debt amortization policy:** The Company has a policy to write off the debtor from the account when the Group has pursued the debt repayment as appropriate to the case with clear evidence of collection and the debt has not been repaid.

- **Provisioning policy:** In accordance with the Financial Reporting Standard No. 9 on the Financial Instruments (TFRS 9). In the past, the Company pursued the debt collection and legal action promptly and could set up a lawsuit against the debtor within 2 months if there was a difference between the sales price and the outstanding receivables. Previously, the Company reduced the risk of damage caused to the Company by having the credit policy not exceeding 50% of the collateral value.

1.2.5 Assets used in business operation

1.2.5.1 License for the loan business operation

The Company is the Non-Bank institute performing the loan service business operation with the business license under the supervision of the Bank of Thailand as follows:

1. License to operate personal loan business under supervision

It is allowed to operate an unsecured personal loan business. Currently, the interest rate is not more than 25 percent per year and the interest rate for the vehicle title loan is currently for not more than 24% per year.

2. License to operate Nano finance business under supervision

It is allowed to operate a retail loan business for the purpose of occupation without security. The credit limit is not more than 100,000 baht and the interest rate is not more than 33% per year.

Most of the industry competitors are the vehicle title loan operators who have the license to operate the personal loan business under supervision and the license to undertake the Nano finance business under supervision of the Bank of Thailand or the Pico Finance from the Ministry of Finance. Such licenses are one of the major barrier to entry. The operators who are interested in entering the industry competition or the operators having been licensed to undertake the loan business must have the ability to maintain and preserve various standards to comply with the supervised regulations.

1.2.5.2 Main fixed assets used in business operation

As of 31st December, 2020, the Company has fixed assets that are used in business operations. The net book value is 1,128.48 million baht with the head office building located at 332/1 Bang Phlat Sub-district, Bangkok. There are only 7 branches of the Company. Almost all of the Company's branch offices are the rented buildings.

Property list	Property features	Property features	Property features
1. 7 plots of land	Owned by the Company	257.47	Without obligations
2. Office buildings	Owned by the Company	324.85	Without obligations
3. Building improvement	Owned by the Company	546.16	Without obligations

1.2.5.3 Investment in a subsidiary in which the Company holds 99.99% of shares

The Company has invested in 99.99% of 2 subsidiaries; Muangthai Leasing Company Limited, with registered capital of 500 million baht and paid-up total amount engaging in hire purchase loan business. At present, the Company operates a new motorcycle hire purchase loan through the aforementioned subsidiary and Muangthai Leasing Insurance Broker Company Limited having the registered and paid-up capital of 2 million baht to operate the insurance brokerage business. The Company operates the non-life insurance sale through such subsidiary.

1.2.5.4 Undelivered work

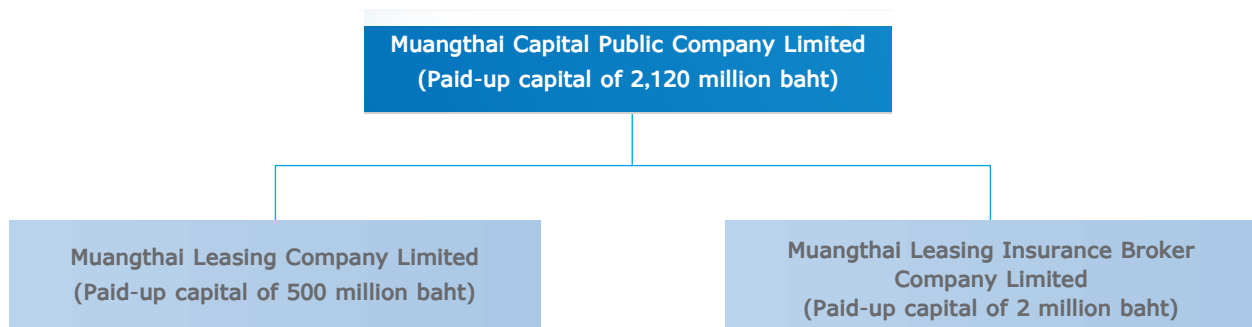
-Not any-



1.3 Shareholding Structure of the Group

1.3.1 Shareholding Structure of the Group

Regarding the investment of the Company in the subsidiaries as of 31st December, 2020, the Company has investments in subsidiaries by holding the shares of 10% or more of the issued and paid-up shares, Muangthai Capital Public Company Limited directly holds 99.99% of 2 subsidiaries; Muangthai Leasing Insurance Broker Company Limited with the insurance broker business operation and Muangthai Leasing Company Limited with the hire purchase business operation. The shareholding structure of the Group is as follows:



No.	Company's Name	Location	Nature of Business Operation	Registered Capital (million baht)	Paid-up Capital (million baht)	Total number of issued shares	Number of shares held	Shareholding Proportion (%)	Type of share
1.	Muangthai Leasing Insurance Company Limited	Bangkok	Insurance brokerage	2	2	20,000	19,998	99.99	Ordinary share
2.	Muangthai Leasing Company Limited	Bangkok	Hire Purchase	500	500	5,000,000	4,999,997	99.99	Ordinary share

1.3.2 Persons possibly having conflicts hold more than 10 percent of shares in the subsidiaries or the associates.

- Not any -

1.3.3 Relationship with the business group of major shareholders

- Not any -

1.3.4 Shareholders

List of the top 10 major shareholders

No.	Names of shareholders	Number of shares	Shareholding Proportion (%)	Voting rights (rights)
1	Mrs. Daonapa Petaumpai	720,000,000	33.96	720,000,000
2	Mr. Chuchat Petaumpai	710,056,400	33.49	710,056,400
3	Thai NVDR Company Limited	112,624,820	5.31	-
4	STATE STREET EUROPE LIMITED	50,526,914	2.38	50,526,914
5	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	46,275,200	2.18	46,275,200
6	CITI (NOMINEES) LIMITED-CITIBANK LONDON RE FUND 208	27,661,205	1.30	27,661,205
7	TISCO MASTER POOLED FUND	15,456,800	0.73	15,456,800
8	SCB Long-term Fund70/30	14,358,900	0.68	14,358,900
9	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	10,900,800	0.51	10,900,800
10	Mr. Wasin Detchkitwikrom	7,403,000	0.35	7,403,000

Source of information: Thailand Securities Depository Company Limited as on 19 November 2020

Remark: The Petaumpai Group consists of

No.	Names of shareholders	Number of shares	Shareholding Proportion (%)	Voting rights (rights)
1	Mr. Chuchat Petaumpai	720,000,000	33.96	720,000,000
2	Mrs. Daonapa Petaumpai	710,056,400	33.49	710,056,400
3	Mr. Seuksit Petaumpai	902,100	0.04	902,100
4	Mr. Parithad Petaumpai	2,690,500	0.13	2,690,500
5	Mr. Surapong Petaumpai	945,000	0.04	945,000
Total		1,434,594,000	67.66	1,434,594,000

The investors can view information of the Company's major shareholders at the closing date of the shareholders' register book for the shareholders' general meeting of the latest year available on the Company's website prior to the annual general meeting of shareholders for each year. This can be found in the topic of "Investor's Information / Shareholder's Information".

Shareholding Agreement

- Not any -

1.4 Company's securities

Registered capital

The Company has registered capital of 2,120,000,000 baht paid-up for 2,120,000,000 baht divided into 2,120,000,000 ordinary shares at a par value of 1.00 baht each.

Securities other than ordinary shares

- Not any -

Issuance and offering of shares or convertible securities to mutual funds for investors who are aliens (Thai Trust Fund)

- Not any -

Non-Voting Depository Receipt (NVDR)

As on 30th December, 2020, the Company's ordinary shares were issued as NVDRs in the amount of 112,624,820 shares. Since the issuance of NVDR is not under the control of the Company, the investors can check the number of NVDR shares from the website of the Stock Exchange of Thailand at www.set.or.th/nvdr

The effect on voting rights of having common NVDR shares is that the shares that have been issued as NVDR will not be exercised at shareholders' meetings except in case of voting on the delisting of shares from the listed securities on the stock exchange. If a large number of NVDRs are issued, the voting shares of the Company will decrease and voting rights of other shareholders will increase.

Company's obligations on the future share issuance

- Not any -

1.5 Issuance of other securities

As the Company's business is to provide credit services, the source of funds is therefore an important supply chain in the Company's value chain. The fund source procurement and the proportion management of the Company must be conducted with caution in order to control the Company's burden of expenses for the financial cost not to be excessively high. Meanwhile, the stability of the Company's liquidity must be maintained appropriately. The Company's major sources of funds are the shareholder's equity and debts comprising loans from financial institutes. As on 31st December, 2020, the Company has outstanding credits approved by the commercial banks amounting 22,828 million baht, issuance of debentures to financial institutes and major investors.

However, in the year 2020, the Company issued 2 public offerings (PO) of debentures in June and November in order to expand the Company's capital

base to be stronger to support future business growth. In addition, in the year 2020, Thailand is plunged into an epidemic which causes fluctuations in the country's economy including the money market and capital market. As the Company has proven the strong business potential, the credit rating for the issuance of unsubordinated and unsecured debt instruments is still maintained by TRIS Rating Co., Ltd. to be BBB+ and it is likely to be stable. This positively affects the Company's financial stability in the Company's funding through the bond market in order to maintain liquidity, the cost of the bond offering, and the size of the market that supports long-term loans. The debentures have loan repayment periods between 17-48 months. The average loan period is appropriate for the liquidity risk management of the Company. As of 31st December, 2020, the details of the Company's registered capital and information about the Company's debt instruments offered for sale can be described as follows:

Information on the Company's debt instruments offered for sale

In 2020, the Company issued and offered debentures to the general public 2 times for the purpose of business operations to be used as working capital in business and to repay the loans or debts from the issuance of debt securities.

The total value of the unsecured debentures is 38,575.80 million baht. All debentures are unsecured.

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
1	Debenture of Muangthai Leasing Public Company Limited No. 6/2560, Series 2 due with the maturity date in 2021	31/8/2017	31/8/2021	1,295.80	4.00	Offering to institutional investors and/or major investors
2	Debenture of Muangthai Leasing Public Company Limited No. 1/2561, Series 1 due with the maturity date in 2021	28/2/2018	28/2/2021	2,000.00	3.70	Offering to institutional investors and/or major investors
3	Debenture of Muangthai Leasing Public Company Limited No. 1/2561, Series 2 due with the maturity date in 2022	28/2/2018	28/2/2022	1,000.00	3.95	Offering to institutional investors and/or major investors
4	Debenture of Muangthai Capital Public Company Limited No. 2/2561, Series 1 due with the maturity date in 2021	19/7/2018	19/5/2021	1,833.00	3.85	Offering to institutional investors and/or major investors

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
5	Debenture of Muangthai Capital Public Company Limited No. 2/2561, Series 2 due with the maturity date in 2022	19/7/2018	19/7/2022	1,564.00	4.10	Offering to institutional investors and/or major investors
6	Debenture of Muangthai Capital Public Company Limited No. 3/2561, Series 1 due with the maturity date in 2021	2/11/2018	2/11/2021	1,697.50	4.10	Offering to institutional investors and/or major investors
7	Debenture of Muangthai Capital Public Company Limited No. 3/2561, Series 2 due with the maturity date in 2022	2/11/2018	2/11/2022	1,515.50	4.30	Offering to institutional investors and/or major investors
8	Debenture of Muangthai Capital Public Company Limited No. 1/2562, Series 1 due with the maturity date in 2022	22/2/2019	28/2/2022	1,650.30	4.10	Public offering (general investors and/or institutional investors)

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
9	Debenture of Muangthai Capital Public Company Limited No. 1/2562, Series 2 due with the maturity date in 2022	22/2/2019	2/11/2022	2,349.70	4.30	Public offering (general investors and/or institutional investors)
10	Debenture of Muangthai Capital Public Company Limited No. 2/2562 due with the maturity date in 2022	26/2/2019	28/2/2022	500.00	4.10	Offering to institutional investors
11	Debenture of Muangthai Capital Public Company Limited No. 3/2562 due with the maturity date in 2022	19/6/2019	30/6/2022	270.00	3.20	Offering to not more than 10 investors
12	Debenture of Muangthai Capital Public Company Limited No. 4/2562, Series 1 due with the maturity date in 2021	11/7/2019	11/7/2021	1,200.00	3.40	Offering to institutional investors
13	Debenture of Muangthai Capital Public Company Limited No. 4/2562, Series 2 due with the maturity date in 2022	11/7/2019	11/7/2022	2,043.30	3.80	Public offering (general investors and/or institutional investors)

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
14	Debenture of Muangthai Capital Public Company Limited No. 4/2562, Series 3 due with the maturity date in 2023	11/7/2019	11/7/2023	1,756.70	4.00	Public offering (general investors and / or institutional investors)
15	Debenture of Muangthai Capital Public Company Limited No. 5/2562 due with the maturity date in 2021	12/7/2019	23/7/2021	200.00	3.01	Offering to not more than 10 investors
16	Debenture of Muangthai Capital Public Company Limited No. 6/2562 due with the maturity date in 2023	22/7/2019	14/7/2023	500.00	3.70	Offering to institutional investors
17	Debenture of Muangthai Capital Public Company Limited No. 7/2562 due with the maturity date in 2022	9/8/2019	8/8/2022	200.00	3.19	Offering to not more than 10 investors
18	Debenture of Muangthai Capital Public Company Limited No. 8/2562 due with the maturity date in 2021	15/8/2019	13/8/2021	500.00	3.00	Offering to institutional investors

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
19	Debenture of Muangthai Capital Public Company Limited No. 9/2562 due with the maturity date in 2021	19/8/2019	19/8/2021	500.00	2.96	Offering to institutional investors
20	Debenture of Muangthai Capital Public Company Limited No. 10/2562, Series 1 due with the maturity date in 2021	14/11/2019	14/11/2021	1,000.00	2.80	Offering to institutional investors
21	Debenture of Muangthai Capital Public Company Limited No. 10/2562, Series 3 due with the maturity date in 2023	14/11/2019	14/11/2023	500.00	3.45	Public offering (general investors and/or institutional investors)
22	Debenture of Muangthai Capital Public Company Limited No. 10/2562, Series 2 due with the maturity date in 2023	14/11/2019	14/2/2023	1,500.00	3.40	Public offering (general investors and/or institutional investors)
23	Debenture of Muangthai Capital Public Company Limited No. 10/2562, Series 4 due with the maturity date in 2023	25/11/2019	25/2/2023	1,000.00	3.40	Offering to institutional investors

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
24	Debenture of Muangthai Capital Public Company Limited No. 1/2563, Series 1 due with the maturity date in 2022	13/3/2020	13/6/2022	1,200.00	2.30	Offering to institutional investors
25	Debenture of Muangthai Capital Public Company Limited No. 1/2563, Series 2 due with the maturity date in 2023	13/3/2020	13/6/2023	900.00	3.15	Offering to institutional investors and/or major investors
26	Debenture of Muangthai Capital Public Company Limited No. 1/2563, Series 3 due with the maturity date in 2024	13/3/2020	13/3/2024	900.00	3.25	Offering to institutional investors and/or major investors
27	Debenture of Muangthai Capital Public Company Limited No. 2/2563, Series 1 due with the maturity date in 2021	12/6/2020	12/11/2021	2,680.80	3.00	Public offering (general investors and/or institutional investors)
28	Debenture of Muangthai Capital Public Company Limited No. 2/2563, Series 2 due with the maturity date in 2023	12/6/2020	14/11/2023	1,319.20	3.65	Public offering (general investors and/or institutional investors)

No.	Name of debenture	Issuance date of debenture	Maturity date of debenture	Amount (million baht)	Interest rate (%)	Offering type
29	Debenture of Muangthai Capital Public Company Limited No. 3/2563, Series 1 due with the maturity date in 2022	26/11/2020	2/11/2022	2,163.40	3.00	Public offering (general investors and/or institutional investors)
30	Debenture of Muangthai Capital Public Company Limited No. 3/2563, Series 2 due with the maturity date in 2023	26/11/2020	14/11/2023	2,836.60	3.40	Public offering (general investors and/or institutional investors)
Total of net value				38,575.80		

The value of the bills that have not yet matured is totally 1,050 million baht. The bills have maturity dates for not exceeding 270 days and are unsecured.

เมืองไทย แคมป์ติด

เติบโตอย่างมั่นคง

และยั่งยืนไปพร้อมคุณ

“บริการใกล้ชิด คุณภาพมิตรที่รู้ใจ”



1.6 Dividend Policy

The dividend payment is in accordance with Article 35 of the Company’s Articles of Association which prohibits the Company in paying dividends from other types of money apart from profits. In the case that the Company still has accumulated losses, it is forbidden to pay dividends. The payment of dividends shall be distributed according to the number of shares, each share equally. The payment of dividends must be approved by the shareholders’ meeting. However, the Board of Directors may pay interim dividends to shareholders from time to time when the Company was profitable enough. After paying dividends, the shareholders’ meeting shall be reported for acknowledgment in the next meeting.

The Company has the policy of dividend payment at the rate of not exceeding 50% of the net profit from the separate financial statements of the Company and subsidiaries each year after corporate income tax deduction and the allocation of legal reserves and accumulated losses carried forward (if any). However, the dividend payment is subject to change depending on the business expansion plan, liquidity, the need for working capital to manage the business, and the Company’s business expansion including the economic conditions and other suitability in the future.

The dividend payment policy has been revealed on the Company’s website in the “Shareholder Information” section to ensure transparency and fairness to the Company’s stakeholders, especially to individual shareholders and financial institutes that invest in ordinary shares of the Company in the decision for investment.

Company’s dividend payment history

Year	2020	2019	2018
Earning rate per share	2.46	2.00	1.75
Dividend rate per share (baht)	0.30	0.26	0.18
Dividend payout ratio to net profit (percentage)	15.05	14.87	15.30



Report of the Risk Management

Board of Directors has appointed a risk management committee since the end of 2016 to act in policy-making risk management framework, supervise and support the implementation of risk management in accordance with business strategies and goals to reduce the effects of various risk factors both outside and within the organization to the business operations of the company Also, roles and duties as determined by the Board of Directors so that the risk management committee can perform their duties effectively which is appointed by the Board of Directors of 3 persons as follows;

- | | |
|-----------------------------|--|
| 1. Mr.Suchart Suphayak | 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 |

In the year ended December 31, 2020, the risk management committee has performed duties as assigned to supervise Muangthai Capital Public Company Limited to have a risk management structure including appropriate risk management policies and measures. During the year the risk management committee meets continuously to monitor the risk management from the working group which consists of executives of each department of the company The company has solved important risks in various fields including lowered the risk to the most acceptable criteria. In addition, the company has prepared for the risks from the Personal Information Protection Act B.E. 2019 and IT Security by introducing the MPLS (Multiprotocol Label Switching) system, which is a private network, making it possible to connect many points of transmitting data in real time efficiently, high transmission stability and safety

The risk management committee have the opinion that the Company has adequate and appropriate risk management.

(Mr.Suchart Suphayak)
Chairman of the Risk Management Committee

2

Risk Management

The Company puts great emphasis on risk management by defining the risk management policy and business strategies. The Company builds the risk management culture considering various risk factors including building risk management as part of the organizational culture. This is to allow the business to grow, generate returns, and create the most sustainable benefits for all stakeholders.

2.1 Risk Management Culture

2.1.1 Risk Policy and Supervision

The Company adheres to the risk management framework in accordance with international standards of the COSOERM Risk Management Principle consisting of the codes of practice covering 8 elements as follows:

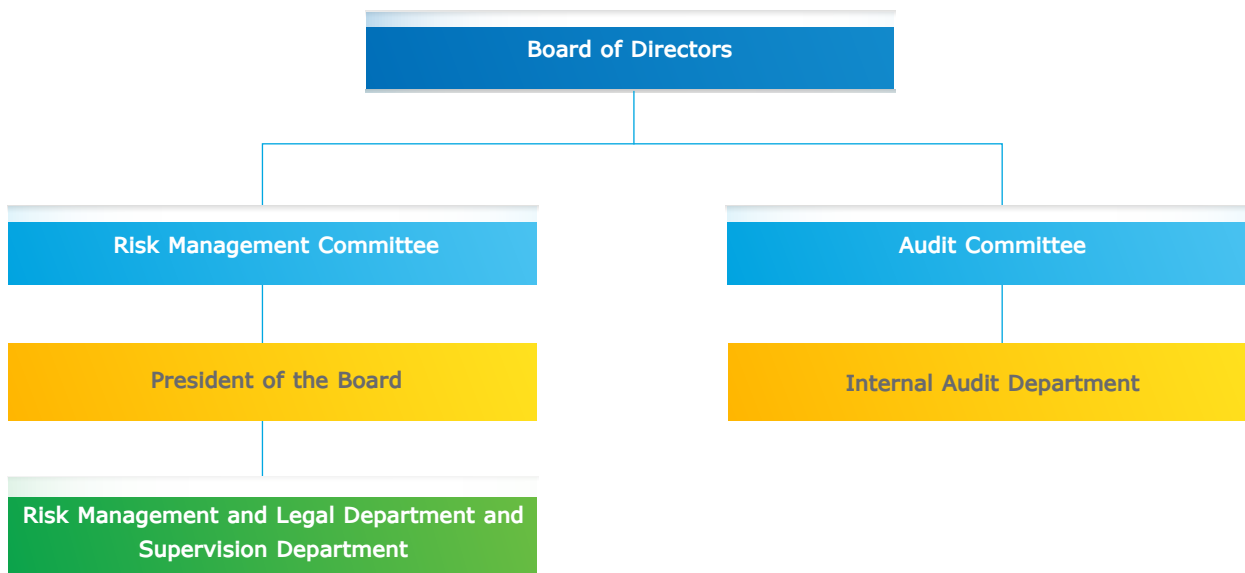
1. Internal environment and risk management structure to cultivate a good internal control environment

The Company has performed the operations as follows:

- The Company has the risk management structure which is accepted internationally. The duties and responsibilities of the Risk Management Committee are defined. The Risk Management Department acts clearly and independently. It is currently the Risk Management and Legal Department. They directly report to the Risk Management Committee independently. There is the Dual Reporting on a regular basis at least once a quarter. Apart from the Risk Management and Legal Department, the Company also has the Internal Audit Department to perform the duties independently. They report to the Audit Committee consisting of 3 independent directors. There is the Dual Reporting. In addition, the Company is in the process of establishing a Corporate Governance Department to provide risk management more concisely.



Risk Management Structure



● The Company reviews and improves the risk management policy, risk management manual, corporate governance policy, code of conduct, and business ethics including operational procedures to provide a framework for business administration and risk management in the organization effectively and timely. It must be communicated to the management, employees and relevant stakeholders for being able to comply with the policy.

The Company’s Risk Management Policies

1. All executives and employees are responsible for managing risks throughout the organization with a systematic and continuous management in the same standard.
2. All executives and employees are required to implement risk management as part of their normal operations in strategic planning processes, decision-making and daily work by applying information technology to the maximum benefits.
3. All executives and employees must report the assessed risks and prioritize along with specifying the methods of risk management and responsible person (Risk Owner). This report must be presented to the supervisor in the hierarchy.

4. The identification and management of risks affecting the achievement of the Company’s objectives must be managed in a systematic manner to keep the risk at an acceptable level and to prevent unexpected losses to the business. It is the good use of the existing opportunities to balance business growth, risks and returns of the Company.

5. The executives and employees must monitored and evaluate the risk management results with the regularly review and participation in improving and developing the risk management system to be efficient and effective continually.

6. The risk owner agencies shall report the risks to the Board and the Executive Committee in correspondence with the level of risk from time to time through various channels set out in the risk management manual.

● The Company has required the internal audit to cover operational systems in both Head Office and branches all over the country every year. Therefore, the number of employees who perform the duties of internal audit is allocated sufficiently.

2. Clear determination of objective

- As the Company's business objective is being the "responsible leader in microfinance loan service", the risk management strategies are established especially the risk of default debt repayment of the customers in order to reduce the likelihood of failure. The executives have discussed to review and improve the strategies and indicators of achievement including the returns related to such risks or NPL on a regular basis. This is for maintaining efficiency and keeping up with the changes of external and internal factors possibly affecting the business operation. For example, in the year 2020, the Company was affected by the fluctuating economic condition and the higher proportion of household debts. Thus, the collection strategy must be improved in order for the Company to be able to maintain the asset quality or the measures were formulated to assist retail debtors for them to maintain the debt repayment ability to get through the crisis during the domestic lock-down period. This yields positive effect on asset quality, long-term credit portfolio, etc.

- The executives have set and announced the target and the 3 year action plan for the third phase of 2021-2023 for the Company to be able to maintain a level during the Growth Stage continuously in the internal meeting on 26th - 27th October, 2020, as disclosed in the topic of "Medium-Term Business Plan (2021-2023)"

3. Risk identification

- The Risk Management and Legal Department is responsible for being aware and being able to identify risks in business operations in the short term and long term for the emerging risks and the risks possibly arising in the future. This is for the Company to formulate the strategies in eliminating, mitigating, or adapting to deal with such risks. It will enable the Company to achieve sustainable growth over the long term. The Company uses a variety of tools in the process of risk identification such as brainstorming during internal meetings among departments, SWOT analysis,

hypothesis analysis, workshop, industry comparison, and hearing from stakeholders.

The Company has classified the risks possibly occurring into 8 areas as classified in the topic of "Risk Factors". However, in 2020, the risks that were considered the significant risks highly affecting the Company's operations (Materiality) are the following risks associated with the Covid-19 pandemic situation:

1. Emerging Risks: Emerging risks of the Covid-19 and cybercrime risks.

2. Operational Risks: Debt collection risk and asset quality control due to the decline in household income in line with the slowing economic condition.

3. Financial risks: Liquidity risk arising from retail customer aid measures and the declination in the needs for borrowing of retail customers due to government aid measures.

4. The risk of changes in the regulations: This is the risk of the Bank of Thailand to cut the interest ceiling rate in the second phase of consumer loan assistance measures for personal loans to be not more than 25 percent, for vehicle title loan to be not more than 24 percent, and Nano Finance to be not more than 33 percent. This includes the adjustment of the fine interest calculation and guidelines for supervision of various fees.

4. Risk assessment

- In prioritizing the importance of each risk, the Company has set criteria for risk assessment. It is measured from the likelihood of risk and the severity of impact as follows.

1. Impact on quantitative policy and operational performance

2. Impact on reputation, corporate image, and competitiveness

3. Impact on business operations

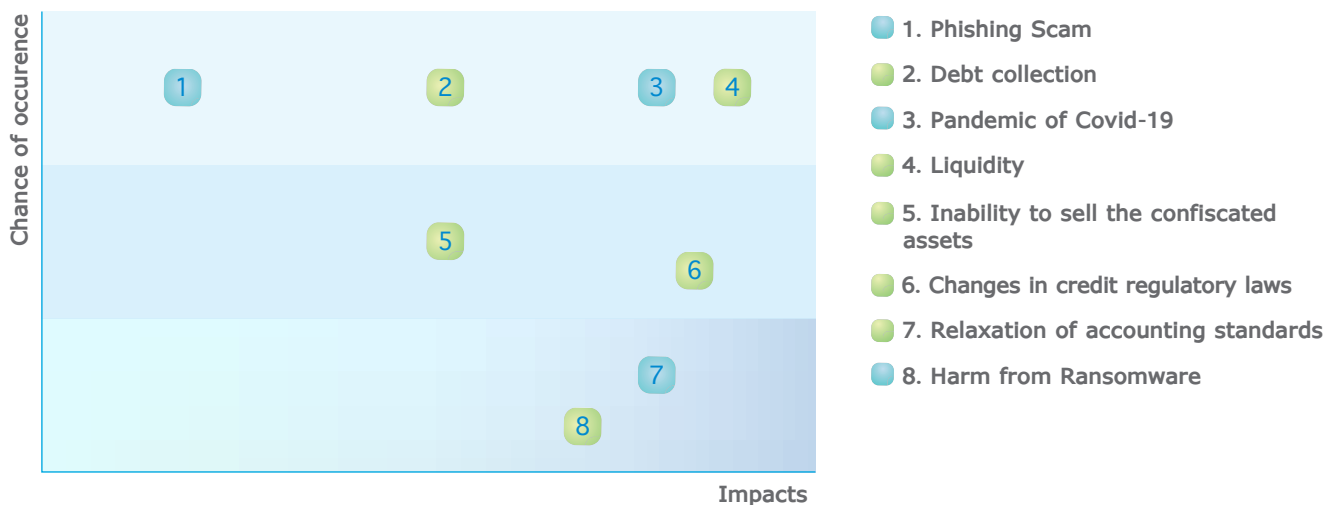
4. Impact on the satisfaction, quality of life, and safety of employees

5. Impact on satisfaction and security of personal information

6. Impact on information security system

7. Impact on human rights / corruption

● Risk Map of the year 2020 can be described as follows:



Risk factors	ESG	Risk issues	Risk assessment criteria	Risk management strategies	Stakeholders
Pandemic of Covid-19	S	Infection with an epidemic that has no cure and can spread the infection in a wide area	L – high I – high	<ul style="list-style-type: none"> ● Business Continuity Plan (BCP) for the virus outbreak ● Regulations on work from home ● Regulations on the Social Distancing policy conformity in the Head Office, branches and employee’s dormitory ● Codes of practice for the provision and installation of accessories and PPE for employees at all levels in every branch and customers 	Employees, customers
Cyber crime	S	<ul style="list-style-type: none"> ● Phishing Scam ● Ransomware: Computer viruses penetrating security systems to destroy personal databases 	L – high I – low L – low I – high	<ul style="list-style-type: none"> ● Information safety policy and privacy policy ● Alert and educate employees, customers, and general people via online channels and various communication channels to be careful with phishing scams ● Improve the method of collecting information from the complaint channel. 	Society, customers, investors

Risk factors	ESG	Risk issues	Risk assessment criteria	Risk management strategies	Stakeholders
Debt collection / Failure to confiscate the collateral	G	Inability to follow up with customers to pay off debts resulting in higher NPL.	L - high I - moderate	<ul style="list-style-type: none"> ● Debt classification relaxation policy and the provision of allowance for doubtful accounts in accordance with the notification of the Bank of Thailand and Federation of Accounting Professions 	Employees, customers
Inability to sell the confiscated assets		Inability to sell the confiscated assets or the price is lower than estimated.	L - moderate I - moderate	<ul style="list-style-type: none"> ● Measures to help small debtors <ol style="list-style-type: none"> 1) Moratorium for a period of 3 months 2) Debt restructuring 3) Lowering the interest rates ● Regulations on debt correction ● Regulations on problematic credit monitoring and execution ● Regulations on auction management ● Regulations on the unusual incident reporting process 	
Financial liquidity	G	Lack of cash for performing the operation resulting in the interruption or decrease of lending	L – high I – high	<ul style="list-style-type: none"> ● Prepare cash flow forecast report to view the sufficiency of operating cash. The report is divided into a range of cash usage classified into daily, weekly, monthly, three-month and yearly. ● Policy to manage and expand funding channels to diversify financial liquidity risks such as issuing and offering debentures to the general public. ● Borrowing soft loan from Government Savings Bank for providing assistance measures to retail customers 	Employees, customers

Risk factors	ESG	Risk issues	Risk assessment criteria	Risk management strategies	Stakeholders
Changes in credit regulatory laws	G	Lowering the interest rate ceiling and / or fees may cause the Company's revenue to suddenly reduce. If the expenses cannot be reduced in a timely manner, the profits will reduce.	L – moderate I – high		Employees, customers, supervising unit
		Relaxation of accounting measures due to the fluctuating economic conditions resulted from the pandemic of Covid-19.	L – low I – high		

5. Response to risks

In order to control the risk of default debt repayment which is the most important risk of the Company's business operation, the Company has determined the risk appetite of the Company using the index to measure the proportion of NPL for not to be more than 2 percent. The practices to respond such risks can be explained as follows:

- Avoidance of risks
 - Focus on the loan products that the Company has skills only.
- Reduction of risks
 - Policy on compensation for employees having KPI as the effectiveness of debt collection. This is a major driving force and motivation in driving an efficient debt collection process.
 - Policy sets Single Lending Limit per customer.
 - Policy stipulates the average LTV ratio at approximately 50% which is the appropriate ratio not too high that it might pose a higher risk of abandonment leading to higher NPL.
 - Policy requires the review of payment history to assess the customer's debt repayment ability for unsecured loans. This must be an existing customer who has a payment history with the Company only.
- Risk distribution
 - Focus on offering small loans to many customers for distributing the risks of bad debt concentration
 - Provide a wide variety of microfinance loan products in the right proportions without focusing on unsecured loans. Despite the high interest rate, there is a high risk of default debt repayment as well.

- **Risk Acceptance**

- The Company does not have a policy to sell lost car insurance to customers in a bundle manner with lending because the Company foresees that the bad debt rate of the Company is very low. Most cases of the inability to track the vehicles are caused by the customer's fraud. This has a low chance of occurrence and causes damage to the Company at a low level. Thus, the Company decides to accept the loss or deviation from the target due to the effect of such risk for the benefits of most customers who have no intent to commit corruption.

6. Risk control activities

- The Company uses an early warning strategy for credit risk from economic conditions and some economic signs including budget plans to help people in various things.

- The Company has reviewed and adjusted the policy and regulations for credit approval in accordance with various risk factors. This is an activity for risk prevention which is efficient and timely.

- The Internal Audit Department performs audit work covering the operation of all branches and opening the communication channels for the Company's stakeholders. It is a risk discovery activity for the benefit in identifying the undesirable events to occur and handling the alerts about what happened. This will enable the management to take corrective action in a timely manner.

7. Communication and cultivation of risk culture in the organization

The information technology system is one of the most important and powerful tools for the successful communication of internal and external risks to be complete, accurate, timely and sufficient for the Board of Directors and the management to make decisions. For the employees to be aware and able to comply with, the Company places great importance on information technology system and safety by establishing a policy for information protection and information security. The Company has invested in installing SAP and other operating systems for the management of information in the organization. In addition, the Company also allows

a world-class information system auditor to perform audit of the Company's information and security systems annually for reporting to the Audit Committee and the Board of Directors.

8. Risk monitoring

The meeting between the Risk Management Committee and the Risk Management and Legal Department is organized regularly at least once a quarter in order to ensure that the risk management and risk control system are adequate, appropriate and efficient based on the risk management structures.

2.1.2 Development of products and services by considering the risks

Regarding the Company's practical approaches in the development of new microfinance loan products and services, there are various factors to consider in order to limit the risks especially in credit and operation such as:

- **Appropriate interest rates**

The interest rate of each product is set to be appropriate for the credit risk of the customers and is not more than that required by law

- **Appropriate Loan-to-Value (LTV)**

The LTV is determined based on the market price from the Company's auction center. This assures the Company that the Company's LTV is appropriate and is at the appropriate level for credit risk.

- **Appropriate credit limit**

The credit limit is set for not more than 510,000 baht per person. This can reduce the Cluster Risk. The average loan size per contract in 2020 is 22,000 baht. This increases from the average loan size per contract of the previous year only for 4.7%.

- **Reasonable installment rates**

A low interest rate together with the appropriate limit and flexible contract duration, the customer's installment rates are set suitably for the customer's payment ability. Therefore, the credit risk is not high.

- **Appropriate selection and credit approval processes**

The establishment of Know-Your-Customer (KYC) procedure and Authentication Process is required.

- **Appropriate debt collection procedures**

The establishment of appropriate debt collection procedures is required as prescribed by law.

2.1.3 Determination of employee performance appraisal with consideration of risks

The employee performance appraisal is divided into 3 main topics as follows.

- 1) Asset Quality based on the MTC Model.
- 2) Portfolio of credit based on the number of new customers
- 3) Performance in maintaining the customer base

The topic that is most important and affects employees' performance is the first topic which is directly related to credit quality and credit risk of the credit portfolio.

In addition, the Company also conducts the fraud risk assessment by considering the operating procedures that may cause frauds such as:

- Fraud in purchase / procurement
- Fraud in outsourcing of contractors / agencies
- Fraud in the loan approval
- Fraud in the credit collection
- Fraud in the cash storage in branches
- Fraud in the disbursement of expenses
- Fraud in property auctions
- Benefits between the Company and the government officials / government agencies / private agencies

If an employee is found to commit fraud, the Company has a policy to punish according to the punishment regulations until finalized.

2.2 Policy on risk management for establishing business ethics

2.2.1 Anti-corruption policy and report on complaints

In order to comply with the anti-corruption policy according to the approaches of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), the Company has established and disclosed the Anti-Corruption Policy and Whistleblower Policy on the Company's website. The mentioned Whistleblower Policy sets the guidelines for receiving complaints

including the guidelines for protecting the whistleblowers as well. The Company has communicated and disclosed the whistleblowing channels on the Company's website as follows:

- Link: <https://www.muangthaicap.com/th/contact.php>

- Whistleblowing channels

The whistleblowers can report complaints or clues by clearly stating that it is confidential document through the following channel: Contact: President of the Audit Committee

- Address: Muangthai Capital Public Company Limited 332/1 Charansanitwong Road, Bang Phlat, Bangkok 10700 Tel: 02 483 8888 Email: whistleblower@muangthaicap.com

In the year 2020, the Company found that 25 cases of whistleblowing were made through the whistleblowing channels and via the Company's social media.



Report and whistleblowing	Number (cases)	Process of action	Damage value (Baht)
Corruption, fraud/bribery	1	Inspected and found that it was not a real fraud case.	-
Conflict of interest	-	-	-
Human rights/operational safety	-	-	-
Disclosure of internal information of the organization	-	-	-
Security of the information technology system, personal information, and Phishing Scam	23	Inspected and warned of Phishing Scam on the Company's website and notified Technology Crime Suppression Division	-
Inaccurate financial reports/defective internal control system/false financial documentation	-	-	-
Other offenses such as breaches of Company's rules and regulations, violation of duty	1	Manage according to the Company's regulations	-

บริษัท เมืองไทย แคปปิตอล จำกัด (มหาชน)

ขอความร่วมมือ “งดเว้น”

การให้ของขวัญแก่ผู้บริหารหรือพนักงานของบริษัทในทุกเทศกาล

2.2.2 Donation policy and subsidies to political parties, trade associations, or any other tax-exempted association

- Supporting political parties

Referring to the approaches of Anti-Corruption Policy in the Company's Anti-Corruption Policy Guidelines Clause 3 on the caution in providing political support, the Company has a policy of political neutrality and will not provide support, not get involved, or an act of favoring political parties both direct and indirect. This includes the use of fund or use of the Company's resources in political related activities. Therefore, the Company has no expense for supporting any political party.

- Support of car registration operator trade association

However, the Company is involved in developing fair and transparent service supervision to customers by collaborating with the vehicle title loan operator trade association to discuss, hear, and exchange the

opinions on various issues with the Bank of Thailand. This is for being able to formulate the regulations or approaches for governing businesses under financial institutes and non-institute business operators to be in the same direction. In 2020, the measures that have been discussed altogether are such as measures to help the borrowers affected by economic fluctuation and the pandemic of Covid-19. This includes the reduction of interest rates of the supervised personal loans and supervised retail loans including the improvement to the tax monitoring fee structure and default repayment interests. In the year 2020, the Company has an annual maintenance fee paid to the association for 115,000 baht.

- Support of personal loan operator trade association

The Company has joined as a member of the Personal Loan Business Operator Association. In 2020, the Company had an annual association fee paid to the Association in the amount of 10,700 baht.

2.2.3 Tax Management Policy

The Company discloses the tax management policy on the Company's website to present the principles and standards of tax management of the Company including transparent disclosure and concise in tax management. In 2020, the Company has been selected as a member of the FTSE Thailand USD Net Tax Index from FTSE Russell calculated from the tax amount paid by the Company.

Thailand only	2020	2019	2018	2017
Total revenue (million baht)	14,733	12,688	10,416	7,471
Profit before tax deduction (million baht)	6,516	5,293	4,627	3,106
Paid tax	1,303	1,056	913	605
Actual tax rate (percentage)	19.99%	19.95%	19.73%	19.48%
Tax rate paid in cash (percentage)	19.99%	19.95%	19.73%	19.48%

2.2.4 Policy on the information protection and information security

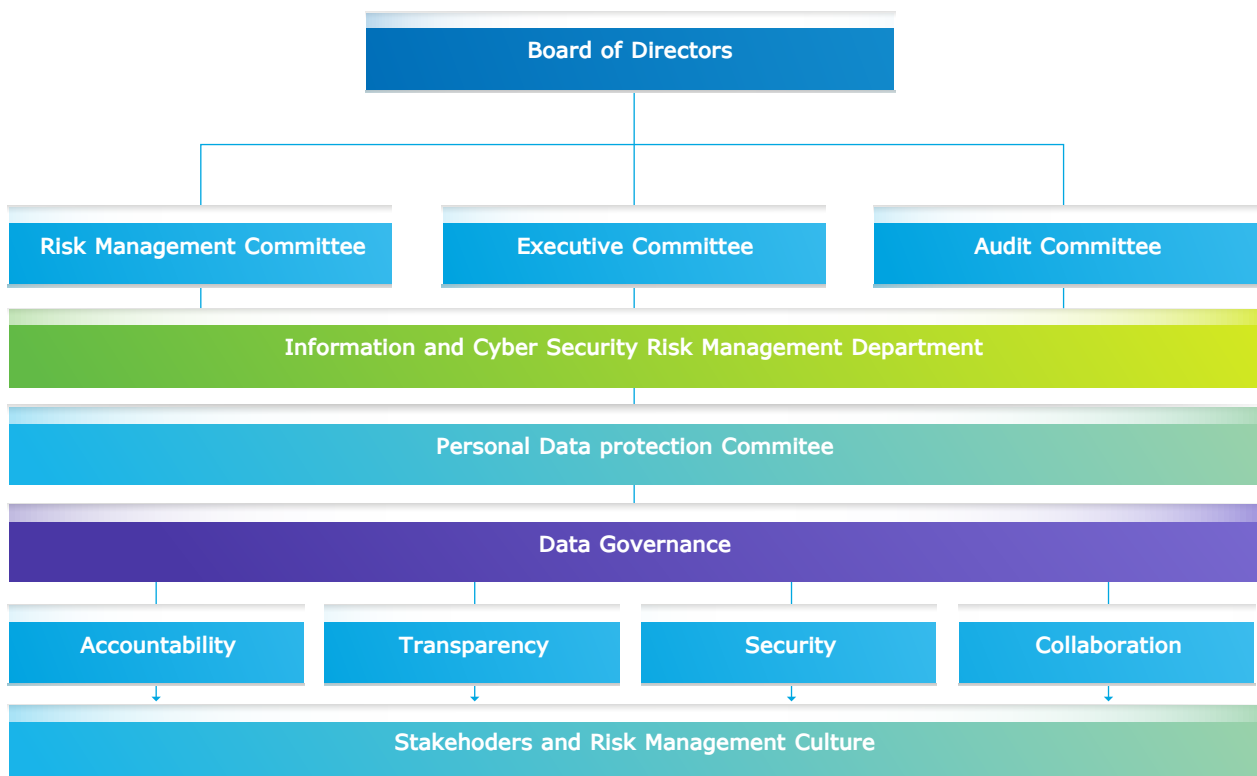
The Company is aware of the risks of information protection and information security which possibly have material impact on the Company’s operational performance in case of personal information leakage or damage to the information security system. Therefore, the Company has set a policy and measures to supervise and prevent such risks to be disclosed on the Company’s website in the section of “Investor Relations”, topic of “Information Protection and Security Policy”. The Company has established the Personal Information Protection Committee of the Company and personal information protection officers, procedures for breach of personal information in the Company, whistleblowing channel for stakeholders if there are suspicious events or damage through the Company’s internal communication channel and the Company’s whistleblowing channel as well as stipulating the penal penalties in case of personal data breach both the Civil Liabilities and the Criminal Liabilities. In 2020, the Company has arranged the training for the employees in the Information Security Department on “IT Compliance Program” organized

by the Association of Political Science of Kasetsart University and “Personal Data Protection Act 2019: Process and Guidelines for Practice” organized by the Association of Political Science of Kasetsart University in collaboration with the Digital Media Law Institute, Kasem Bundit University.

The Personal Data Protection Committee has reported on the operational performance of data protection and information security to the management, Risk Management Committee, and the Board of Directors that in 2020 the Company has not received any complaint about the security of personal information. However, there is a whistleblowing of phishing scam for 23 cases which does not cause any damage or affect the Company’s performance in any way. The Company has followed the risk prevention procedure by notifying the stakeholders on the Company’s website and report it to the Technology Crime Suppression Division (TCSD).

In addition, the Company has arranged for the external auditors to audit the information system once a year and report to the audit committee and the management.

Information Protection and Information Security Program



2.2.5 Procurement Policy

The Company has disclosed the procurement policy on the Company's website in the section of "Investor Relations" in the topic of "Policy for good corporate governance". The Company stipulates the procurement policy for the Company's procurement to be efficient, transparent and free from corruption taking into account the economic, social and environmental impact (ESG).

In 2020, the Company improved the internal equipment procurement in the head office, corresponding with the new procurement policy to support the purchasing of environmentally friendly products. The products are certified green by the Ministry of Industry, and meet the products and service environmentally -friendly requirements set up by the Ministry of Natural Resource and Environment and Pollution Control. These products include toilet paper, energy saving electronics, cloth bags, etc.

2.3 Risk factors to the Company's business operation

1. Emerging Risks

The Risk Management Department presents new risk factors that may arise in the future to the Risk Management Committee. It is a risk associated with sustainable development to find guidelines for limiting or reducing the risk. At the same time, the Company also discloses the new risks that may arise in the future with the following risk management processes.

1.1 Emerging Epidemics Risk

As Thailand began to recognize the spread of the Covid-19 since December 2019, the screening measures were performed on persons traveling to and from China. However, with the spread of the new virus strains in the country resulting from the persons returning from the country as a group in February-March 2020, the government has put in place measures to deal with and control the outbreak by temporarily locking down the country in April 2020 for a period of 1 month and suspending travel in and out of the country. The impact arising from such measures on the national economy is the slow down and the recession in the production, export and tourism sectors. Moreover, such impacts may directly affect the Company's operational performance in the short, medium and long term. In the short term, liquidity arising from

investors' concerns in the bond market causes the bond market's Yield interest rate to rebound in the medium term, potentially affecting borrowing demand and asset quality. This is because some customer groups have been affected by the business interruption resulting in the lack of income. In the long run, it may affect customer behavior modification in payment. As the customers avoid entering to use the service at the branches, the sales of other products decrease. Besides, in the social dimension, the main business operation of the Company is to lend with the assets as collateral. The asset review and valuation is an important hedge step. This can cause the exposure and spread of epidemics among employees and customers.

However, the Bank of Thailand is aware of the volatility of the economy which may have a direct impact on retail customers, business customers of financial institutes, and non-financial institute operators. The Company discussed with the financial institutes and non-financial institute operators under the supervision of the Bank of Thailand on measures to provide financial assistance such as the moratorium measures, debt restructuring measures, and measures to reduce interest rates to help mitigating the impact on customers, financial institutes, and non-financial institute business operators.

Risk management process from emerging epidemics

1. The Company has urgently announced policies and measures to prevent the spread of Covid-19 for all levels of employees across the country to follow in order to protect themselves and customers from the outbreak and exposure in the Head Office and branches all over the country.

2. The Company cooperates with the Bank of Thailand in issuing the financial assistance measures to customers in the second quarter.

3. The Company developed a way to raise fund by issuing bonds to retail investors (Public Offering) in the amount of 9,000,000,000 baht in the second and fourth quarter to manage liquidity. This includes borrowing of Soft loan from Government Savings Bank in the amount of 4,958,000,000 baht at an interest rate of 2% per annum for a period of 2 years.

4. The Company has updated mobile application Muangthai Capital 4.0 to be able to support the function of requesting additional credit approval. It is expected

to be available in 2021 for expanding online payment channels and accommodating the changes in customer behaviors in the future.

5) The Company improves the auction process for assets in the Company's auction center to avoid exposure in compliance with the Social Distancing Policy. This increases the overall asset auction efficiency and effectiveness. As a result, the average asset selling price becomes higher when compared to before the improvement.

1.2 Cyber Security Risk

The current rapidly developed technology causes the cyber threat to affect all sectors in the economic and national security. The financial industry, financial institutes, and financial service providers are also threatened by such risks. The impact becomes more severe both in the probability and magnitude of the effects which may come in evolving ways and are difficult to prevent or detect. Even though the operation and business model of the Company continue to mostly utilize the concrete security and the transaction in the cash form, The operational process and business model of the Company use the principles of organization and operation in the form of value. The Company's main operational system is used in recording the sensitive information of the customers in the form of digital. Therefore, the Company can be involved in digital and cyber security risk The Company performs the following actions.

Cyber Security Risk Management Process

1. Establish cyber security policy including the measures to prevent and detect threats by opening whistleblowing channels and communication channels with customers both offline and online to enable the Company to detect cyber threats and find ways to prevent and solve problems promptly.

2. Create corporate culture for stakeholders including third parties of the Company regarding the awareness of cyber threats continuously. Including monitoring of SMS messages by phone or electronic mail (phishing scam) and take urgent action to immediately warn of risks through the Company's communication channels.

However, in the year 2020, the Company has received notification on the Phishing Scam which does not directly cause any damage to the Company and there is no expense incurred from this whistleblowing. The Company has urgently taken action to notify the whistleblowing on the Company's website to prevent any stakeholder from believing the said Phishing Scam.

1.3 Conventional and Non-Conventional Competitor Risk

Since the Bank of Thailand revised the personal loan business license under supervision to supervise the vehicle title loan business and the provincial retail credit business license under the supervision of the Ministry of Finance, the small financial service providers, FINTECH technology developers, including financial institutes both national and international pay attention to the microfinance business. This possibly creates even more intense competition in the industry including competition with technology, branch expansion, and expansion of loan products, new microfinance or even price competition in the future. As the Company is well aware of changing, the preparation is made. The strategies and operational plan are changed in order to be able to cope with and compete in the industry strongly.

Risk management process from competition with new competitors

1. The Company has established the standard of service excellence including the practices in accordance with the rules related to the Market Conduct as a guideline for the Company's operation. This is part of the employee's performance index. For the service excellence policy, the Company has changed the form of competition in the microfinance loan industry entirely by helping to reduce the conflicts and unequal serving of customers. Moreover, the emphasis on providing excellent service has resulted in existing customers returning to the service again and telling it to new customers (Snowball Effect). This is an important marketing strategy of the Company.

2. Since the Company's main customers are motorcycle registration loan customers who are likely to use the loan service near their houses with convenient traveling, the Company then emphasizes the strategy to reach customers first by expanding branches to the provinces, districts, sub-districts and villages. At present, the Company has more than 4,884 branches. The

Company is the microfinance loan providers having the most branches in the country located in 74 provinces and have more than 2 million customers. The potential of business growth still can be seen through the branch expansion.

3. In order to meet the needs of customers and approach more customers, the Company has continued to expand the retail portfolio of loan products continually. Before being listed on the Stock Exchange of Thailand, the Company only had motorcycle registration loans. After entering the Stock Exchange of Thailand, the Company added vehicle title loans, vehicle title loans for agriculture, land title deed loans, unsecured personal loans, and Nano Finance loans, respectively. In 2019, the Company has expanded motorcycle hire purchase loans to existing customers who have a good history of payment of the Company. The Company believes that the new products will accelerate the growth of the portfolio, outstanding loans, and the interest receivable rate of the Company in the future. The customer loyalty of the Company is also developed.

4. For the fair and transparent interest rates and fees under the Personal Loan Act under Supervision, the maximum interest rate is 25% for unsecured loans and not more than 24% for vehicle title loans. This is a factor driving the interest rates of new industries down from the past at the average rate of higher than 30%. However, the interest rate of the Company is averagely around 22-23% over many years. In 2020, the company reduced the interest rate to around 21-22% which is lower than the new maximum regulated interest rate. This is for creating the fairness to the Company's customers who can maintain the good credit status and debt quality in order to attract new customers from informal loan providers including other service providers.

2. Operational risk

2.1 Risks from the employee's fraud

As the credit service provision of the Company is for retail customers having the low credit limit per contract, the average amount of credit granted per contract of the Company is approximately 22,000 baht per contract. The Company also has the Single Lending Limit policy allowing the total credit limit for pledge, car registration and personal loan totaling not exceeding 510,000 baht per customer. There is also the decentralization policy to more than 4,884 branches

spread across the country to enable efficient, fast, and effective operation to be able to compete with other operators. However, the Company is aware of the possibility of employee's fraud. Thus, the Company stipulates the strict measures to prevent the damage caused by the employee's fraud with the internal control system or the implementation of the SAP operating system. It is to increase operational efficiency and reduce the risk of fraud. In addition, since 2018, the Company has provided the whistleblower channels for the employees and other stakeholders of the Company to participate and report if fraud is suspected. If the employee is found to corrupt, the Company will force such employee to take responsibility for the damage incurred and such employee will be punished according to the Company's regulations. Furthermore, the Company also has measures to prosecute employees who are corrupt including civil and criminal cases.

Employee's Fraud Risk Management Process

The Company has determined the guidelines for monitoring and assessing the risks and the guidelines for practices according to the principle of prevention of fraud and corruption as follows.

1. The Internal Audit Department reviews the risk management process and internal control to ensure the adequacy and efficiency for building the confidence and transparency in business operations. This is proposed to the Audit Committee to guide the operators for putting into action. Such process is the Preventive Control.

2. The Company has adopted technology such as the SAP operating system and the installation of CCTV. Such technology is used as a Detective Control measure.

3. The Internal Audit Department examines the system compliance and random inspections as well as monitoring, assessing, proposing the preventive measures on the corruption to the Company's management, and reporting to the Audit Committee following the reporting cycle.

4. Arrange to inspect the contract and documents for applying for loans and cash counting cross branches regularly to cover all branches as well as reporting suspicious events to the superiors.

5. Provide opportunities for employees and stakeholders to report suspicious incidents that implicate fraud through whistleblower channels of the Company as disclosed in the Company's website. The Company certifies that the whistleblowers will be

protected according to the Company's whistleblowing handling policy.

6. When a cause that may be believed to be fraud is detected, the Branch Affairs must investigate to the end and report to the management to determine the punishment measures based on the discovered facts.

7. Provide training for new employees on Anti-Corruption Policy including penalties. All employees must be periodically communicated for acknowledging and reviewing the guidelines of practices on the jobs 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).

2.2 Risk from human resource shortage

The Company has challenges in human resource management to be appropriate and sufficient for growing rapidly and sustainably. Amidst the fierce competition in the industry of the Company, the recruitment of personnel to work in the Company's branches scattered throughout the country makes the management even more challenging especially in the human resource development, incubation of corporate culture, creation of discipline, management on internal control, entry into aging society, or even work attitudes of personnel of different ages that are different. Such obstacles cause new employees to have the high turnover rate during their service life of less than 6 months. This may have a direct negative impact on the growth and the competitiveness of the Company. Therefore, recruiting suitable and sufficient personnel and retaining these personnel to progress along the way with the continuous growth of the organization is very challenging and necessary for the Company.

Risk Management Process from Human Resource Shortage

The Company has established the guidelines for risk assessment and established the guidelines for the mitigation of risks from human resource shortage as follows:

1. The Company provides employees with appropriate and fair welfares in line with the Company's short-term and long-term achievement.

2. The Human Resource Department organizes employee satisfaction survey to understand the factors that have positive impact and negative impact on

employee satisfaction to the organization on a regular basis. The survey data will be used to improve strategies or action plans for maximum benefits.

3. The Company provides an internal communication channel both online and offline. The employees can communicate directly with other employees. Moreover, the employees can also communicate with the superiors or the executives. The executives and the superiors can communicate with the employees thoroughly through the communication channels according to the technology project which consists of MTC University Digital Learning Platform and MTC Forum Digital Platform. There is also a monthly journal channel of "Muangthai Samphan" both in book form and in e-book format to be stored in the MTC University Digital Forum accessible to all employees. The contents of the journal will focus on communicating the policy from the management and the messages that the management wants to communicate to the employees for sharing the employee's debt care and monitoring experiences, knowledge, news, including market and industry changes.

4. The Company provides a comprehensive and adequate training for employee's potential development to achieve the goals or the objectives of the Company sustainably. The Company realizes that creating job opportunities and motivation will increase the potential of employees. Ultimately, it will increase the Company's benefits in the long run. Thus, the Company has the duty to prepare the employees to have progress and stability in their own career through the Company's training program as detailed in the Human Resource Development's policy.

5. As teamwork is the core organizational culture, the Company has adopted a 360 degree assessment form to assess employees' abilities and potential. The objective is to achieve a transparent, fair and independent assessment.

6. The Company promotes diversity in the organization to respect human rights. There is no end-to-end barrier in every process.

2.3 Risk of inability to track and confiscate the collateral

The Company is mainly engaged in vehicle title loans whereby customers have to bring their own motorcycles, cars or agricultural vehicles as collateral for applying for loans without registering the ownership transfer. The Company can confiscate the vehicle that is collateral from customers to be sold by auction

through the Company's auction center in the event that the customer defaults on the debt repayment. However, because such collateral is a property that can be easily moved, it is possibly difficult to track and monitor collateral. If the Company is unable to track and confiscate such collaterals, it will directly affect the financial position and the operational performance of the Company.

In 2020, from the slowdown in the country's economy due to the Covid-19 epidemic, the Company expects collateral seizure to be a very challenging risk. Since some of the Company's customers are customersthat may have direct impact and the risk of debt servicing ability increases, the Company needs to improve the policy and regulations for debt collection to maintain the ability and maintain a rate of non-performing debt and credit costs.

Process of risk management from inability to track and confiscate the collateral

1. To reduce the chance that the company cannot track and confiscate the collateral, the Company then determines the qualifications of customers who will apply for the Company's loans which must have a domicile or have a place of work in the area of the branch requesting for the service. If having domicile in different areas, the third party who is a person domiciled in the area is required as a guarantor for the branch loan employee can verify the accuracy of the customer's address information and can monitor the customers closely and thoroughly.

2. Building a large branch network through branches and employees spread across the country is another mechanism that the Company used in debt collection and confiscation of collateral assets in the event of asset movement.

3. Revision of regulations on commission payment for debt collection can create motivation and reward to employees who can perform their work to achieve their goals or indicators of ability to perform well even in time of crisis.

2.4 Risk from selling the confiscated properties

For the process of selling the assets seized after the customers defaulted the debt repayment, the assets will be auctioned by the Company through the auction center under the Company's supervision and management. There are currently 6 centers including 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 the asset assessment may incur losses. If the auction price of the asset is lower than the outstanding receivables, this will directly affect the operational performance of the Company.

In 2020, at the time of the Covid-19 pandemic, the country's economy slowed down. This affected the demands for new and used vehicles which were expected to directly affect the auction price of assets. Besides, the Social Distancing policy which affects the Company needs to be improved in the procedures for the auction of assets. Previously, the Company conducted two auctions per month per auction center and took 1 day for the auction. After the Covid-19 epidemic, the Company has adjusted the auction for a period of 5 consecutive days instead of 1 day allowing the interested bidders to sign and choose the date and time of the property inspection via online channels in advance. This is for preventing the crowd of people in the auction center. The improvement on the operational procedures results in a higher number of bidders. As a result, the auction price increased compared to the pre-Covid-19 period. The Company found that the demand for used vehicles during the virus outbreak did not decrease which might be resulted from the needs for new vehicles to be replaced by the used ones instead. Therefore, in 2020, the Company has not been significantly impacted by the risk of the sales of the seized assets.

Process of risk management from the sale of the seized properties

1. The Company pays attention to the determination of credit limit or LTV to be appropriate and in accordance with the vehicle type, model, popularity and condition of the assets used as collateral. The credit balance schedule will be reviewed on a regular basis or when the significantly affecting event occurs.

2. The operation at the auction center is another mechanism for the Company to improve and develop in response with the demands adequately and suitably for the supply or assets to be auctioned. The purpose is for selling to obtain the auction price of the property and to provide the most benefit to all stakeholders. In the event that the auction center is able to sell more assets than the debts, the Company will return the difference to the customer as prescribed by law.

2.5 Risks from relying on customers and major debtors

For the reliance on large customers in 2020, the Company has a proportion of revenue from the top 10 customers amounting 0.01 percent of the Company's total outstanding credits. This shows that the Company has no significant reliance on any particular customer group or large customers. In other words, the Company does not have a concentration of default debt repayment risk. However, the Company has set a Single Lending Limit (SLL) for not more than 510,000 baht per customer.

3. Financial risks

3.1 Risks from insufficient financing and Liquidity Risk

The continuous business expansion is a factor that requires the Company to acquire capital or incur more debt in the future to support the expansion. This creates the risk of inadequate financing and liquidity risk in the future. Apart from bank or financial institute loan sources, the Company still endeavors to obtain financing from other sources, taking into account the financial structure, benefits and impacts on all groups of shareholders and stakeholders.

However, in the year 2020, as the Company joined to cooperate with the Bank of Thailand in issuing measures to help retail debtors who have been affected by the economic fluctuation since the second quarter, the Company received Soft Loan from Government Savings Bank for 4,958 million baht. The loan interest rate is 2% per annum for a period of 2 years. Thus, this can mitigate the liquidity risk from customer assistance measures and reduce the financial cost of the Company as well.

Management process of risks from insufficient financing and Liquidity Risk

1. In the year 2020, the Company has offered two Public Offerings to sell unsubordinated debentures. In the first round, the Company offered to sell to the public in the amount of 4,000 million baht in June 2020 and the second time at 5,000 million baht in November 2020. Offering to sell debentures to people is a risk mitigation process from insufficient financing and the lack of liquidity of the Company. It can also help the Company to increase the access to large funding sources that the Company can control risks in the future.

2. The Company has managed bills of exchange (short-term debt instruments) issued by the Company to have remaining credit limit from the reserve financial institutes to support the value of the bill of exchange. In the event that the Bills of Exchange market fluctuates, the Company will be able to find funds from other sources to replace immediately.

3. The Company has long-term debt management (contract period of more than 1 year) and short-term debt (contract period of less than 1 year) to have a higher long-term debt ratio than short-term debt to prevent the lack of liquidity and sufficient to support the rapid growth of the Company.

3.2 Risk from interest rate fluctuation

The Company earns the main income from interest income from lending which is characterized by the interest rate charged at fixed rates. For the cost in borrowing of the Company, the interest rate depends on market fluctuation at the time of borrowing. If there is a lot of fluctuation, the loan interest rate will increase. While the Company's interest rate has not been adjusted, there is an impact on the reduction of the ratio between interest income and interest expenses.

Management process of risks from interest rate fluctuation

1. The Company manages the interest rates on loans from banks by distributing the loans to both Thai and foreign commercial banks. This allows the Company to choose to borrow from the banks that provide reasonable interest rates to maintain the ratio of difference between interest rates and interest paid in the consistent level.

2. The Company can enter into an interest swap contract to reduce the risk of market fluctuation.

3.3 Credit and asset quality risks

The process of consideration for lending of the Company depends mainly on the value of the assets brought by the borrowers as collaterals. In 2020, the Covid-19 epidemic has had a direct impact on employment in the country causing the increase of unemployment rate from 0.96 percent at the end of 2019 (before the Covid-19 epidemic) to 1.49 percent in 31 December 2020 (during the Covid-19 epidemic the unemployment rate reached to the peak at 2.15 percent in 31 July 2020) (based on the unemployment rate data of the Bank of Thailand). It also affects the demands for new and used vehicles posing a credit

risk and the quality of the Company's assets becomes higher.

However, in the year 2020, the Company has reviewed and improved policies, strategies and operational processes in accordance with the changes and new restrictions that arise under the epidemic situation to control credit risk and asset quality as follows.

Management process of risks in credit and asset quality risks

1. The Company has arranged to update the database of market value of the assets in the operating system with the information shared by the Company's branches nationwide. Such data of the market value of assets was collected from the auction results of assets that have been auctioned through the Company's 6 auction centers at least twice a year to reduce the probability of default and maintain the amount that will be repaid at the recovery rate.

2. The Company maintains the Loan-To-Value in the ratio at about 50 percent. The excessively high Loan-To-Value will make the borrowers choose to abandon their collateral assets causing higher bad debts.

3. The Company focuses on lending to retail customers as small credits and diversifies the risk of lending in geographic areas through branches available throughout the country in terms of credit products and in terms of customer base both with fixed income and without fixed income spread across many industry groups. This is in order to avoid the Concentration Risk that possibly causes higher credit risk.

4. The Company aims to develop the Market Conduct of the entire industry to be fair and transparent under the supervision of the Bank of Thailand. Thus, the Company has a low interest income structure following the notification without complex fee structure. The interest rates are low compared to the industry. The focus is on transparent communication with customers. The above strategy will motivate customers to maintain their credits with the Company so that the customers can easily access to the loan sources with the fair and transparent cost in the future.

5. Apart from considering the market value of the assets that the borrowers have taken as collaterals, the Company also considers debt repayment behavior from the Company's database, Best Efforts Basis, and guarantors if the credit value is high or the borrower does not have the same address as the source of residence to be used in considering granting the loans.

6. The Company is the operator of auction management of assets that have been taken as collaterals by the borrowers. The auction is made through all 6 auction centers of the Company. The Company pays attention to the management of auction centers efficiently and holds the auction transparently. This reduces the amount of bad debts and is a tool for maintaining the amount that will be repaid at the Recovery Rate of the Company for maximum effectiveness.

7. The Company still focuses on the management of Non-Performing Loans and control the risks of asset quality by maintaining the Coverage Ratio continually in line with the target set by the Company. As of 31st December, 2020 and 2019, the allowance for doubtful accounts to non-performing loans of the Company equaled to 177.50% and 275.80%, respectively. This is considered sufficient compared to the TFRS9 standard calculation. The Company has also established a specific cumulative debt default rate of long-term general loans classified by year of credit lending (Vintage Analysis) regularly in order to assess and monitor the true credit risk of the Company closely.

8. The Company improves the auction process for asset sales at the auction center of the Company regularly to encourage higher auction competition for maintaining the asset selling price resulting in the reduction of loss from non-performing loans (NPL).

9. The Company has cultivated knowledge and understanding on the risks as part of the corporate culture as same as the discipline for the employees in performing the debt collection operations. The Company uses the Key Performance Indicator (KPIs) in terms of asset quality or the loans that the employees grant to the customers as the main performance indicator instead of using the credit amount like the industry. As a result, the average bad debt rate of the Company is lower than the industry's bad debt average.

10. The Company is committed to develop and improve the payment channels for customers to have the convenience in paying the installments more easily and faster. At present, the Company's customers can pay installments via the following payment methods:

- Pay through more than 4,884 branches nationwide (free of charge)
- Pay through counter service 24 hours a day

- Pay through every branch of Tesco Lotus
- Pay through all branches of Big C and Mini Big C
- Pay via Airpay Counter or Airpay app
- Pay through any bank's ATM
- Pay through Mobile Banking Application K-Plus of Kasikorn Bank

3.4 General risks of bonds

3.4.1 Credit Risk

The bond holders are at risk of not receiving interest or principal payments in the event that the business and performance of the bond issuer is not as expected or the properties of the issuer are insufficient for debt repayment. Therefore, before making the decision to invest, the investors should consider the financial status and debt servicing ability of the bond issuer based on the information provided in the debenture offering information registration form and a draft prospectus for the credit risk assessment of the bonds. The investors can view the credit rating of the bond issuer provided by the credit rating agency for making investment decision. If the credit rating of the issuer is low, it shows that the credit risk of the issuer is high. The investors' returns should also be high in order to offset the high risk of such bonds. However, the credit rating is not a recommendation to buy, sell, or hold any debentures offered. Besides, the credit rating is subject to cancellation or change over the life of the debenture.

Before investing, the investors should study information on the performance of the bond issuer. Apart from considering the credit rating of the debenture issuer, the investors are encouraged to follow up on the news of the bond issuer including updates to the rating from the website of the Securities and Exchange Commission, credit rating agency, or the Thai Bond Market Association. The bond underwriter or an analyst for the bond underwriter does not have an analysis on the bond. Before investing, investors should study information on the performance of the bond issuing company. In addition to considering the credit rating of the issuer, the investors are encouraged to follow up on the news of the issuing company. This includes the changes in the credit rating from the SEC's website, credit rating agency, or the Thai Bond Market Association.

3.4.2 Price Risk

The market price of the debentures is subject to change depending on several factors, for example, the interest rate level in financial market, policy of the Bank of Thailand, overall economy, inflation rate, age of debentures, or excessive demand or lack of bonds. Thus, the bond holders may be affected by the fluctuation of the bond price. In the event of trading of instruments before maturity, longer maturity bonds will be more affected by such fluctuation.

3.4.3 Liquidity Risk

The debenture holders may not be able to sell the debentures immediately prior to their maturity at their own preferred price since there may not be a lot of trading on the bond market in the secondary market. The debenture issuer will not list the debentures on the Bond Electronic Exchange (BEX) or any secondary market. However, the debenture holders may trade debentures at a commercial bank, securities companies, or any other juristic person being licensed for trading securities as bonds if someone offers to buy or sell debentures through the aforementioned licensees. Besides, the bond holders cannot sell or transfer the debentures to any person in general. Selling or transferring the debentures is restricted only in the institutional investors and major investors only. This is because the debenture issuer has registered the transfer restrictions with the Securities and Exchange Commission to restrict the transfer of debentures to the group of institutional investors and major investors according to the Notification of the Securities and Exchange Commission No. Kor.Jor. 5/2552 on the definitions specified in the Notification of all types of bonds dated 13th March, 2009 (as amended or replaced) and in accordance with the Notification of the Securities and Exchange Commission No. Kor.Jor. 4/2560 on the definitions of institutional investors, extra major investors, and major investors dated 8th February, 2017, unless it is an inheritance transfer.

3.4.4 Risks from the ability of debenture debt repayment

The Company has continuously issued debentures to use as working capital for business operation to support the expansion of the Company's business and to be used for repayment of debentures

or bills of exchange. It is also used as working capital of the Company. However, if the Company does not issue new debentures, the Company believes to be able to acquire new loans to repay the existing liabilities and adjust the repayment of principal to suit the Company's cash flow as well. As of 31st December, 2020, the Company has outstanding credit line from commercial banks in the amount of 8,870 million baht.

Record of default

The Company has no record of default on the principal or interest of debt instruments or default on loan from commercial banks, financial company, credit foncier company, or financial institute established by specific law and breaching the conditions in performing the rights for the past 3 years.

4. Marketing Risk

4.1 Policy on budgeting for assistance measures and the welfare system of the government sector

Most of the Company's customers are farmers and the population of Local Economy who are the group of population highly dependent on aid measures and welfare from the government. The assisting measures and various remedies have significant impact on loan demand and the ability of debt repayment. For example, in the year 2020, due to the Covid-19 epidemic, the government has released the following important aid and remedial measures:

- "Rao Mai Ting Kan Project" is for people without regular income or people who are not in the social security system for 15.3 million persons to receive a grant of 5,000 baht per person per month for a period of 3 months from April to June, 2020, in a total budget of 240,000 million baht.

- "Farmer Assistance Project" is for 10 million farmers registered with the government to receive a grant of 5,000 baht per person per month for a period of 3 months from May to July, 2020, in a total budget of 150,000 million baht.

- "Aid project for vulnerable populations" such as the newborn to 6 years old, the elderly, and the disabled people for 13 million persons to receive a grant of 1,000 baht per person per month for a period of 3 months from May to July, 2020, in a total budget of 39,300 million baht.

Such assisting measures caused the significant reduction in the credit demands of the population.

This reflected the contraction in the accrual loan growth of the industry and of the Company to recess in the second quarter of 2020. However, the impact on asset quality has improved as reflected in a significant decline of the bad debt ratio in the same quarter.

4.2 Policy to assist farmers

Previously, the Company originally predicted the risk of drought in 2020, which could significantly affect the amount of agricultural production in the country and may be replaced by higher output prices in line with demand and supply factors. However, by 2020 the expected drought could lower the country's main dam water to its lowest in 40 years beginning on 18th May onwards. By the beginning of September, it is already in the middle of the rainy season. It was found that the northern region had only 713 mm of rainfall (15% lower than the average). The central region had only 582 mm of rainfall (the region with the least rainfall of 26% lower than the average as shown in the figure). In the Northeast, the rainfall was only 881 mm (13% lower than the average). In the eastern region, the rainfall was 1,038 mm of (18% lower than the average). All of the aforementioned 4 regions have less rainfall than in 2019. In September, large and medium-sized reservoirs in the north had the total water consumption at 3,860 million cubic meters (20% of the utilization capacity), the central region of 235 million cubic meters (14%), the northeast of 2,325 million (26%) and the eastern region of 906 million cubic meters (38%). It has been 3 and half months into the rainy season.

However, in 2020, the government has approved measures to help farmers grow rice and rubber. The total budget is more than 61,900 million baht. The rice products are in the budget amount of 51,858 million baht divided into the 2020/21 income insurance scheme and other parallel measures such as the project to support management costs and improve the quality of rice farmers. The 2nd year income insurance scheme determines the price and quantity of farmers' income insurance. For the jasmine rice paddy, the insurance price is 15,000 baht per ton for the volume of not more than 14 tons. For the jasmine rice paddy outside the area, the insurance price is 14,000 baht per ton for the volume of not more than 16 tons. For the rice paddy, the insurance price is 10,000 baht per ton for the volume of not more than 30 tons. For the Pathum Thani fragrant rice paddy, the insurance price is 11,000 baht per ton for the volume of not more than



25 tons. For the sticky rice paddy, the insurance price is 12,000 baht per ton for the volume of not more than 16 tons. The operation period was from October, 2020, - May, 2021. The rubber farmers in the rubber planters income insurance for the second year were also approved. The insurance price was set at 60 baht per kg for raw rubber sheet, 57 baht per kg for fresh latex, 23 baht per kg for cup cube rubber up to 25 rai per person. 40 percent is for the tappers and 60 percent is for the owners of the plantation with a financial limit of 10,042 million baht. The operation period was from October, 2020, - March, 2021. However, during this time, rubber prices have rebounded higher than the guaranteed income creating a great satisfaction for rubber farmers. These measures help the farmers have more stable income and maintain the ability of farmers who are important customers of the Company on the debt repayment.

In 2021, it was analyzed and forecasted that the climate of this region would have a chance to reach 55 to 60 percent. From August, 2020, and February, 2021, it is the period during the La Nina (heavy rain). The agricultural crops are possibly higher than last year and the impact of government assistance policies will be reduced as farmers will be able to depend on themselves more.

5. Risks of data retention and information security

In operating business, the Company is required to collect information of key stakeholders, especially customers and employees, including general information and sensitive information. The Company has strictly complied with the Personal Data Protection Act B.E.2562 for the data retention, disclosure, and the use of such information. However, the data retention risk is caused by the internal control system. The security of information technology must be concise and efficient. We do our best to reduce the risk of loss and leakage of information. This may affect the reliability of the Company and may violate the regulations on the protection of personal information. The Company has disclosed the personal information protection policy and information technology security policy on the Company's website.

Process of data retention and information security risk management

1) The Company appoints an external expert to be the IT Auditor who is responsible for assessing the adequacy of the internal control and risk management in information technology systems. The audit results

shall be directly reported to the Audit Committee and the Risk Management Committee

2) The Company has installed a system to prevent data leakage from external attacks or computer viruses by installing network security software (Firewall).

3) The Company sets and improves the access authority to prevent information leakage which may be caused by internal personnel.

4) The Company has a backup plan along with ensuring the backup is correct accordingly following the Information Policy and Information Security.

5) The Company provides internal communication to raise awareness and cultivate employees' awareness of the correct use of technology such as not downloading unauthorized programs, not opening e-mails with unknown origins, etc.

6) The Company has established a manual on the protection of personal information and information security and the Business Continuity Management Plan (BCP) to prevent and cope with interruptions in business operations caused by threats to the operation of information systems.

6. Risk from the changes in the regulations and laws on the operations and accounting standards

6.1 Risks from changes in regulations and laws

At present, the Company is principally engaged in the service of vehicle title loan with a personal loan business license under the supervision of the Bank of Thailand effective from 1st February, 2019. In addition, the Company also offers collateralized personal loans under the same license and Nano finance under supervision. As a result, almost all of the main business of the Company is under the supervision of the Bank of Thailand. There are regulations, rules, practices and conditions for undertaking personal loan business for non-financial business operators such as qualifications of service providers, setting of credit limits, fee rate determination, and report of information to the Bank of Thailand, etc. This is to ensure fairness and transparency for credit customers or borrowers and the Company has strictly adhered to the aforementioned requirements. However, in the future, the Bank of Thailand possibly amends or issues regulations more about personal loan service and retail loan for business operation.

In the year 2020, due to the Covid-19 epidemic, the Bank of Thailand asked for cooperation from financial institutes and non-institutional entrepreneurs in issuing financial assistance measures to customers who have credits and may be affected by the epidemic situation

such as moratorium measures, measures to reduce installments, interest rate reduction measures. In addition, the Bank of Thailand has announced a reduction in the interest ceiling rate for personal loans under supervision and Nano finance loans under supervision of the entire system effective from 1st August, 2020, resulting in the interest rate for unsecured personal loans to reduce from 28 percent to 25 percent, secured personal loans or registration pledge loans to reduce from 28 percent to 24 percent and Nano finance loans to reduce from 36 percent to 33 percent. The Company has not been affected by the announcement of such interest rate reduction because the interest rate of the Company is lower than the new interest rate ceiling.

6.2 Risk from Changes in Accounting Standards

The accounting standards in Thailand are still being developed in accordance with international accounting standards and are expected to develop gradually in the future. However, such risks are the risks that the Company can assess in advance including the impact size in order to be able to manage the impact of the possible risks.

Management Process on the Risk from Changes in Regulations and Laws on the Operation and accounting standards

As the Company realizes the importance of legal risks, the level of the risk management working group and the legal affairs is raised to become the risk management and legal department with the responsibility in managing the risks. This includes the close legal risk management. In addition, in 2019, the Board of Directors has approved the establishment of a Compliance Department which is responsible for supervising and monitoring the Company's operations to comply with the framework of relevant rules, regulations and laws. The Risk Management and Legal Department, Supervisory Department, and Internal Audit Department must work with independence and report to management, Risk Management Committee, and Audit Committee on a regular basis.

In 2020, the situation of the Covid-19 epidemic affected the Thai economy, businesses and the general public including debtors of financial institutes and non-institutional business operators. The Bank of Thailand and the government sector have issued measures for financial institutes and non-institutional business operators to provide assistance to debtors in order to urgently alleviate the effects of lack of liquidity through debt suspension and debt restructuring. In addition, relevant guidelines are temporarily established to support the implementation of these measures such as the classification of debtors, provision of reserve funds. Bank of Thailand

has discussed with the Federation of Accounting Professions Under the royal patronage to assess the impact of businesses operation in granting credits from the implementation of measures to provide assistance to debtors while still having to comply with the Financial Reporting Standard No. 9 on Financial Instruments (TFRS 9). It is mutually agreed to issue the accounting guidelines for temporary alleviating measures for businesses that provide assistance to debtors who are affected by the situation affecting the Thai economy. This was published in the Royal Gazette dated 22nd April, 2020, which can be summarized as follows:

1. Debtor classification: The original classification can be maintained in the event of a moratorium, delay of the debt repayment to the debtors. In case of debt restructuring for Non-NPL debtors, they can be adjusted to Stage 1 immediately. Or in case of debt restructuring for NPL debtors, they can be adjusted to Stage 1 if the debtors can pay the debt repayment under the debt restructuring agreement for 3 consecutive months or 3 periods. Moreover, in case of giving additional working capital credit to the debtors, they can be classified as individual account.

2. Provision of reserve funds: There is no need to provide reserves for undrawn credit lines.

3. Other accounting methods: The effective interest rate can be adjusted to recognize interest income when the cash flow received from the loan is changed.

4. Measuring on the amount of expected credit losses: The Forward-looking information can be used to have less weight due to high volatility and short-term uncertainty. The information that reflects the debtor's ability of debt repayment from past experience can also be used (such as past default rate, historical damage rate) or historical credit loss data together with the management overlay.

5. Disclosure of information: The information is required to be disclosed in the notes to the financial statements about the application of such relief measures including the facts of compliance with the Bank of Thailand circular.

Relief period: From 1st January, 2020, to 31st December, 2021, or until the Bank of Thailand changes and to comply with such changes.

7. Risks from climate changes

The variable climate is the situation that occurs around the world and directly affects the economy, society and environment. As the impacts are increasingly severe in Thailand, climate is the main

factor affecting agricultural productivity. This is considered the main source of income that drives the country's economy from climate change assessment in Thailand. It was found that the average temperature is likely to increase by 1.5-2.0 degrees Celsius within the next 40 years. This is a challenge for the agricultural sector and the Company having a majority of customers working in agriculture. Climate change may therefore reduce the incomes of farmers. This will increase the demand for credits but the quality of debts has decreased

Management process of risks from climate changes

1. As the Company is well aware of the risks, the environmental policy has been implemented since 2018 with a goal to reduce direct and indirect greenhouse gas emission from business operations such as constructing a new LEED Certified head office building.

2. The Company has expanded the branches to various areas in order to be able to reach a wider group of customers such as expanding branches in Bangkok to balance the customer base to customers who are not directly related to the agricultural sector or do not have climate change risks as much as the group of farmers.

8. Risk of shareholders

8.1 Risk from the dependence on existing shareholders and major shareholders holding the shares for more than 50% of the registered capital

As the major shareholder of the Company is the Petaumpai family holding 1,430,056,400 shares in the Company or equivalent to 67.45 percent of the Company's paid-up capital. This makes it possible to control almost all shareholder resolutions on various important matters such as the appointment of directors or requesting for the resolutions on other matters requiring a majority vote of the shareholders' meeting. Thus, other shareholders may not be able to balance with major shareholders (information of shareholders from Thailand Securities Depository Co., Ltd. as of 30th December, 2020) However, the Company has appointed 5 directors who are independent directors out of 8 persons having the Chairman of the Board of Directors as an independent director and the Audit Committee totaling 3 independent directors to consider the transactions possibly causing conflicts of interest in accordance with the laws and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) in order to ensure whether it is reasonable with the most benefits to the Company. It also makes the management of the Company transparent and auditable.



Report of the Corporate Governance Committee on the Operational Performance for Sustainability

Muangthai Capital Public Company Limited aims at being the “Responsible microfinance service provider” focusing on the customer centric service with a wide range of credit products in line with customer needs to reduce the long-term financial inequality in the society. This will bring about sustainable economic development of the country which will support the business of the Company and the industry to continue to grow steadily. Especially in the year when the global economic crisis was affected by the coronavirus epidemic Covid-19, the Company has implemented sustainability strategies to mitigate the impact of the crisis along with an intensive compensation to society measures to support all stakeholders to overcome this crisis altogether.

In 2020, to become the Responsible Lending service provider, the Company performed the operation in the project of “Muangthai Mai Ting Kan” in collaboration with the Bank of Thailand, VTLA (Vehicle Title Loan Trade Association), and the Personal Credit Association in helping customers affected by the economic fluctuation arising from the Covid-19 epidemic by launching measures to help customers settle their debts for a period of 3 months without fee collection, measures to reduce the installment payment by at least 30% of the original installment payment, measures to reduce interest rates for unsecured personal loans and car registration loan. As a result, more than 300,000 customers have been

assisted by these measures. Moreover, the Company joined by the Petaumpai Family allocated and distributed 200,000 survival bags to various communities nationwide through the Ministry of Interior to help alleviating the sufferance of Thai people in times of crisis. In terms of employee care, the Company insists on the policy to maintain employment and take care of the safety of the total of 10,328 employees resulting in no employees being dismissed and no employees were infected by the Covid-19 virus.

In the year 2020, the Company was committed to operate the business on a sustainable development way that has gained international recognition. The Company would continue to be selected as a member of the MSCI ESG Index sustainability index for the second consecutive year. In the same year, the Company was selected as a member of the FTSE4Good Index Series Sustainability Index from the FTSE4Good Emerging Index group from FTSE Russell with a score of 3.5 out of 5 or 1.4 times the industry average. As for the information disclosure on the environment dimension, the Company received a Climate Change Management assessment at a D level from CDP, higher than last year. Besides, the Company is still ranked in the list of sustainable stock index or Thailand Sustainability Investment (THSI) from the Stock Exchange of Thailand for two consecutive years.



3

Driving business for sustainability

The main business philosophy of the Company 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, on 31st December 2020, the Company has 4,884 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 of vital stakeholders 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 like closed family members”. 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 from customers to use the Company’s credit services and grows continuously. Currently, the Company has more than 2 million customers from various professional groups.

3.1 Sustainable Development Goals (SDGs) on Sustainability Management

The Company is determined to be the microfinance service provider to help people who do not have access to credit from financial institutes to be provided with access to loan sources with reasonable and fair financial costs through the strategy in expanding branches to all over the region of Thailand. As a result, the Company’s credit portfolio has grown more than 948% since the listing date in 2014. The number of clients increased from 0.68 million contracts to 3.19 million contracts and the number of employees increased from 1,703 to 10,328 persons.

The Company realized that the impact of the Company’s operations to those stakeholders has increased significantly. At present, we focus on the business operation according to the sustainable development approach covering economic, social, and environmental dimensions to become the “responsible microfinance service provider” with practices under good corporate governance principles taking into account the impacts on all stakeholders.

3.2 The Company's Value Chain

The Value Chain of the Company reflects the amount of loan outstanding loan or the loan origination activities in the Circular Value Chain which consist as follows.

3.2.1 The loan origination has the sustainable development policy of loan approval by assessing loans based on Asset-Based Assessment instead of using regular income data or credit bureau. This helps people without regular income to better access loan sources. Another secondary activity is the Credit risk controlling, such as setting appropriate Key Performance Indicator (KPIs) for employees that correspond with their credit risks.

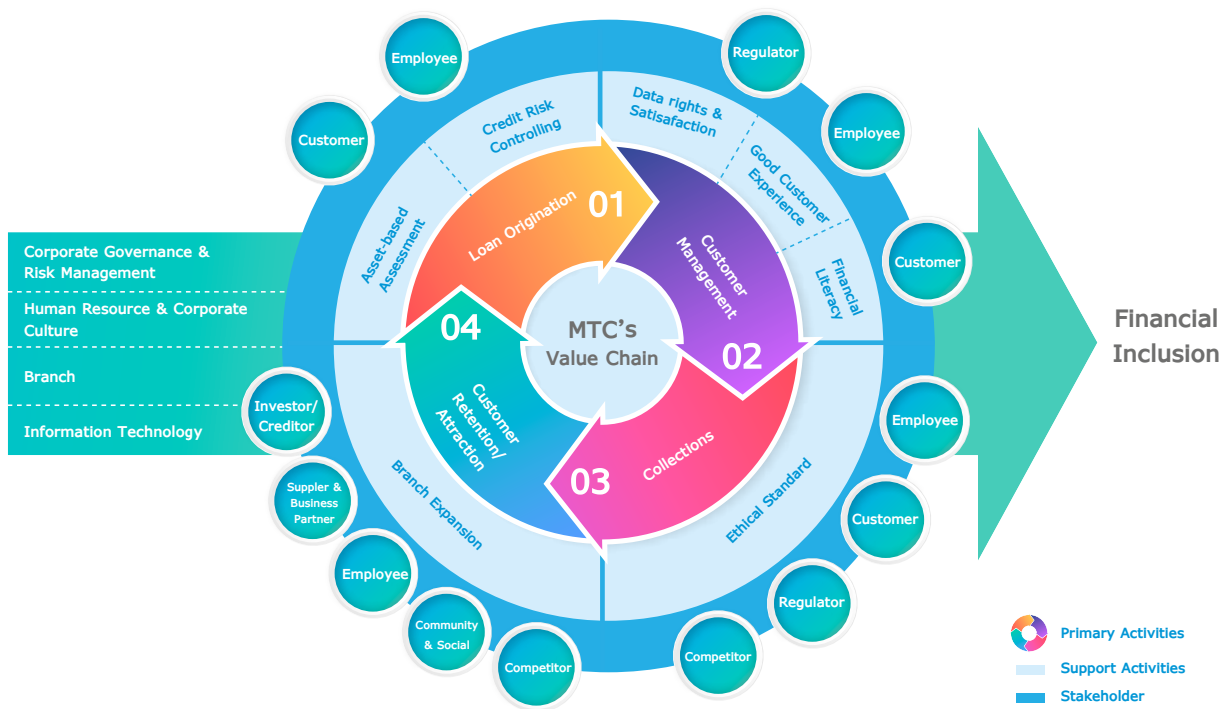
3.2.2 Customer Management means providing good customer experience, such as developing the Customer Relationship Management system so that it responds to customers in a timely manner, and for customers to be satisfied with the loan products. Other policies include respecting private data and rights, surveying customers' satisfaction level, and providing

knowledge and awareness on financial discipline through several other projects.

3.2.3 Collection is at the heart of the company's business operations and is connected to the industry's ethical standard policies, especially to the loan collection process.

3.2.4 Customer Retention/Attraction is a process of retaining existing customers and attracting new customers. Currently the company is doing this by expanding more branches in order to reach more customers. However, this policy might be subjected to change in the future, depending on environmental developments.

The company's value chain management holds tight to high quality business operations. These consist of good governance; sufficient, appropriate, and efficient risk management; company-wide care of employees; and a secure information system. This helps the company to be able to sustainably support loan accessibility for a wide population.



3.3 Identifying sustainable issues and setting Sustainable Development Goals

In 2020, the Corporate Governance Committee and the management team assessed and reviewed the Company’s sustainable development goals which is in line with the UN’s Sustainable Development Goals (SDGs) goals. They analyzed and prioritized key issues in order to find appropriate solutions or operational strategies in response to the Company’s sustainability goals appropriately.

The main business goals of the Company consist of the followings.

Dimension	Goals	Stakeholders	Issues	Strategies
Social dimension	1 st Goal : No Poverty 10 th Goal : Reduced Inequalities	Customers and Regulating bodies	Reducing the inequality in access to the loan sources of the employed people who receive regular income which accounts for only 22 percent of the country’s population <i>Reference: National Statistical Office, the employed population in 2011-2020</i>	1. Asset-Based Assessment Approach used in considering the financial evidence information 2. Increase of opportunities for customers to access the loan sources by expanding branches 3. Development of loan products suitable for the groups with non-regular income to comply with risk control. 4. Focus on providing excellent and equitable service. 5. Cultivation on awareness and financial discipline for customers. 6. Raising the level of ethical standards of the industry. 7. Respect for customer satisfaction, rights and personal information.

dimension	Goals	Stakeholders	Issues	Strategies
Economic dimension	8 th Goal : Decent Work and Economic Growth	Employees	Employment distribution to all regions of the country and development on the potential of personnel to be able to adapt to the changes that will occur in the future	1. Human rights policy 2. Human resource development policy 3. Assessment and compensation policy 4. Succession policy
Environmental dimension	13 th Goal : Climate Action	Communities and society	Environmental management in business operation processes	1. Environmental policy 2. Efficient resource management

3.4 Sustainability Performance Report

3.4.1 Sustainable Finance

Mitigation on the impact of the coronavirus disease, Covid-19, under the project of “Muangthai Mai Ting Kan” to all stakeholders of the Company under 3 measures as follows:

Debt Relief Measures for the affected customers

- A 3-month moratorium for both principal and interest payments
- Extension of the installment period in order to reduce the value for not less than 30 percent.
- Reduction on the interest rate for all unsecured personal loan receivables to 22 percent for all customers generally without registration for a period of 3 months.

Financial aid measures	Contracts (million contracts)	Outstanding loan balance (million baht)	Proportion to total loan outstanding (%)
Moratorium	0.14	3,817	6.0
Reduction of installment payment	0.08	1,662	2.6
Total	0.22	5,479	8.60

Measures to care employees

- The Company has a policy to maintain employment and oversee the safety of over 10,328 employees nationwide (as of December 2020) and provide adequate equipment to protect employees from the new Covid-19 virus including the installation of the partition on the customer service table.

- For branches all over the country, the Company strictly arranges internal management in accordance with the practice of the Ministry of Public Health. This shows that no employees were infected with the COVID-19.

Measures to help communities and society

- The Company participated in the allocation of 200,000 bags, totaling 60 million baht, distributed through the Ministry of Interior to communities in 74 provinces nationwide.

- Although the Company did not participate in recruiting the graduate students having the government to help paying 50 percent of the wages because the Company has planned to recruit 800 – 1,000 employees who are new graduates in 2021 across the country to support branch expansion plans in the next several years. The Company believes that the past performance has given the Company sufficient potential to be responsible for the expenses of the employees. Thus, the government can use the budget to support other large and small private companies to be utilized in order to achieve the most efficient use of the budgets.

- The Company promotes the stimulation of Thai tourism in accordance with the government guidelines by organizing 189 employees of the Company to do the Outing Activity in Phuket from September - October, 2020, under the budget of 5.9 million baht. The Company expects that such budget amount will contribute to the local Economic Circulation in the tourism industry areas that mainly rely on foreign tourists to be relieved from the effects of the Covid-19.

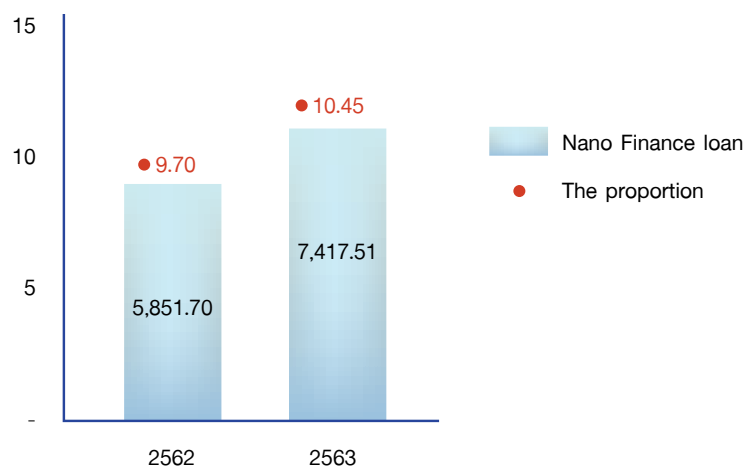
In addition, Mr. Chuchat Petaumpai, Chairman of the Executive Committee, and Mrs. Daonapa Petaumpai, Managing Director, donated personally to support public health in the amount of 110 million baht to the Ministry of Public Health.

- Nano Finance loans policy

Muangthai Capital has the purpose to provide Nano Finance loans for occupation to improve the access to capital sources for customers who cannot access the bank’s loan sources, not a juristic person, unsecured assets, do not has credit bureau information, and informal workers.

However, the Company believes that Nano Finance for occupation is the creation of sustainability foundation for the economy of the country, customers’ communities and financial sustainability.

In 2020, the Company has Nano Finance in the amount of 7,417 million baht, amounting 10.45 percent of total outstanding loans at the end of 2020. The proportion increased by 26.76 percent comparing to 2019 (In 2019, the Company’s outstanding Nano Finance loans amounting to 5,851.70 million baht which accounts for 9.70 percent of the total outstanding loans).



3.5 Performance on social dimension

Summary of the performance on social dimension	
Outstanding loans	70,968 million baht
Loan contracts	3.19 million contract
Total income	14,733 million baht
Net profit	5,214 million baht
Returns on shareholder's equity	28.45 percent
Returns on assets	7.50 percent
Bad debt ratio	1.06 percent
Branches	4,884 branches
Customers (net)	2 million
Proportion of customers who do not have regular income	77.64 percent
Secured loan ratio	79.68 percent
Market value	Being number 2 largest in the country and in the ASEAN region and being in the 16th rank of the world among Diversified Financials, a Global Industry Classification Standard (GICs) as of 31 December 2020.
CAC Anti-corruption	Certified
CGR	Receiving the assessment of good corporate governance in the 5-Star (Excellent) level for the third consecutive year by the Thai Institute of Directors Association (IOD)
THSI Index	Being rated in the Thailand Sustainability Investment (THSI) Index by the Stock Exchange of Thailand.
MSCI ESG Index	Achieving a level A in the environmental, social and corporate governance assessment (ESG) in the Consumer Finance sector from MSCI.
FTSE4Good Index	Being selected as a member of the FTSE4Good Index Series Sustainability Index in the FTSE4Good Emerging Index category by FTSE Russell with a score of 3.5 out of 5 or 1.4 times the industry average.
FTSE Thailand USD Net Tax Index	Being selected as a member of the FTSE Thailand USD Net Tax Index by FTSE Russell.
CDP	Being assessed on the Climate Change management which is rated D from CDP.

For the goals of poverty alleviation and reduction in the inequality in access to capital, especially for the basic population groups that do not have regular income, the Company implemented strategies and results of operations of “Financial Inclusion A2G” as follows:

3.5.1 Consideration on the loan approval taking into account the Asset-Based Assessment Approach



Conventional lending is primarily the assessment on personal risks based on data analysis. Some types of information such as proof of income and credit bureau information is the information that most of the country’s population do not have since it is a group of population with non-regular income. Therefore, the Company’s credit revision and approval process focuses on Asset-Based Assessment conditions (vehicle title loan and title deed mortgage loan) instead of risk assessment data from proof of income or credit bureau information. Such assessment method is therefore a solution for these populations to gain access to alternative credit sources and reduce the inequality in financial access in the country.

Shares of loan products approved by the Company's collateral valuation method in 2020	Shares of groups of Company's customers in 2020
<ul style="list-style-type: none"> ● Car registration loan (million baht) 50,984.60 72.71% 	<ul style="list-style-type: none"> ● Group of customers with regular income 22.36%
<ul style="list-style-type: none"> ● Land title deed mortgage loan (million baht) 5,277.04 7.47% 	<ul style="list-style-type: none"> ● Group of customers with non-regular income (ESG) 77.64%
<ul style="list-style-type: none"> ● Total of secured outstanding loan (million baht) 56,261.64 79.68% 	
<ul style="list-style-type: none"> ● Total of unsecured outstanding loan (baht) 14,345.64 20.32% 	

3.5.2 Increase of opportunities for customers to access credit sources by expanding branches

The Company continues to focus on reaching customers with a strategy to expand the branches to cover all regions of the country. This is carried out according to the Company's medium-term business strategy plan covering from 2018-2020 enabling customers and the public, especially customers who do not have access to the services of commercial banks or digital Banking, to access the Company's services more easily and more conveniently.

In the year 2020, the Company opened new 777 branches being the large 36 branches, 314 sub-branches, and 427 service centers. However, the average loan outstanding rate per branch is 14.45 million baht.

3.5.3 Design suitable credit products, conditions, and operating procedures to control the risk of default payment

The Company considers collateral for credit products with low default payment risk by setting the credit ratio in relation to the appropriate collateral value. Setting a maximum limit per contract and a low level of customers together with the suitable interest rates for credit risks and the loan approval process as well as the debt collection process are all factors contributing to the non-performing debt rate of the Company's credit portfolio to remain below the industry's non-performing debt rate. The non-performing debt rate of the Company is the most important performance indicator of personnel.

In 2019-2020, the Company has offered a new type of loan which is hire purchase loan which is different from the existing hire and purchase loans in the industry.

In the early stage, the Company offers the loan to customers who have good payment history. The tenor of the loans is up to 60 months which is longer than the average industry tenor at 24 months. The interest rate is at 24 percent which is lower than the industry average interest rate at 30 percent. This makes the installment value per month low and the non-performing loan low at only 0.1 percent, comparing to the industry non-performing loan at 10-12 percent. In the end of 2020, the outstanding hire purchase loan is at 359 million baht.

3.5.4 Respect for the customer's satisfaction, rights and personal information

● Personal information of customers

For the Company to operate business in accordance with the Personal Data Protection Act B.E.2562 which was published in the Royal Gazette on 24th May, 2019, and will come into effect from 1st January, 2020 onwards, the Company sets a related policy of "Information and Security Protection Policy" and discloses such policy on the Company's website. Apart from the aforementioned policy, the Company has also raised risks associated with the protection of personal information with the Legal Department and Information Technology Department to perform the operation in order to reduce or limit the risks involved. The Company has improved the customer information retention process and strictly complies with such laws throughout the organization to protect customers' personal information

● Customer satisfaction survey results

The Company aims at creating the good experience for customers in order to continually improve the service process to customers and listen

to the customers to pursue their interests. The opinions on the service are important. Each month, opinions regarding customer service are communicated through internal channels to each branch. In addition, customer feedback is the main indicator of the operation of the branch and the head office.

More details of “Customer satisfaction survey results” are disclosed in Muangthai Capital PCL.’s sustainable report 2020.

3.5.5 Elevation of the industry’s ethical standards

In 2020, the Company joined with operators in the Vehicle Title Loan Trade Association to attend the discussion organized by the Bank of Thailand on the issues related to elevating the standard of business operations in the industry, such as measures to provide assistance to customers affected by the Covid-19, adjustment of personal loan interest rate, and Nano finance under supervision by 3-4%. This included the adjustment on the methods for calculating defaulted interest rates and guidelines for fee charging in the collection of fees in order to benefit the people as much as possible.

3.5.6 Raising the awareness and financial discipline for customers

- “Know and Purchase” project

The Company also initiated the “Know and Purchase” project which was the accounting program for the users to record the income and expenses according to the codes of practices of the Bank of Thailand in response to the goal of reducing the household debts in the public sector of the Bank of Thailand. The Company’s customers and general people are allowed 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 Sukhumvit Asset Management (SAM)

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 SAM 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 nonfinancial entrepreneurs participating.

- Join the project to educate the public about microfinance business

Financial Commission, Financial Institutes and Financial Markets, House of Representatives held the seminar on “Reduction of economic inequality and upgrading the foundation economy: northern region” on Friday 21st August, 2020, at the main meeting room, Faculty of Economics, Chiang Mai University, with a live broadcast via Facebook live by Mr. Chuchat Petaumpai, CEO of Muangthai Capital Public Company Limited. He joined as an expert speaker in the seminar together with Mr. Withai Rattanakorn, Director of Government Savings Bank, and Mr. Apirom Sukprasert, Manager of Bank for Agriculture and Agricultural Cooperatives, by presenting opinions to build a better understanding of the role of microfinance businesses in reducing financial disparity for students, teachers and the general public.

3.5.7 Focus on the provision of excellent and equitable service

As of 31st December, 2020, the Company has a total number of 2 million outstanding customers. The Company sees that enhancing the efficiency in developing a good customer experience is an important sustainability strategy. In 2020, the Company has performed the following operations.

- Excellent Service Policy

The Company focuses on building service standards by providing training for the employees. The results of the service assessments were included as part of the Key Performance Index (KPIs). The recommendations received through the customer thanking letter will be published in the Company’s internal communication channel to be used as the scores to evaluate the service performance of each branch every month. In addition, all employees have pass the training of “Excellent Service Techniques” which in 2020, there was no training due to the COVID-19 outbreak.

● Customer Engagement channel

Although most of the Company’s customers are Offline in 2019, the Company found that the number of customers who contacted the Company via online channels such as social media, telephone, email has increased as well. The summary of the channels are as follows:

4,884 customer service branches nationwide	Website: www.muangthaicap.com	Facebook: Muangthai Capital 78,369 followers increased by 37.79 percent from 2019	LINE OA: @muangthaicapital the new added account increased by 19,491 accounts or 167.48% from 2019	Muangthai 4.0 Application 43,300 active account
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● Innovation Development and Digital Transformation

- Muangthai Capital 4.0 Application

The Company has developed an application to facilitate customers during the Covid-19 outbreak which allows customers to verify the validity of their receipts. Besides, the customers can pay through digital payment without having to travel to the branch. It also helps reducing the paper usage. In 2020, spending via application was 9,416 times.

**The Company provide new payment channel which is the Digital Platform on September 2020. The details of usage are disclosed as follows:*

3.6 Operational performance on economic dimension

Operational performance on economic dimension	
● Number of employees	● 10,328 people
● HC ROI	● 3.34
● Training hours per employee	● 3.3 hour
● Training expenses per employee	● 248 baht
● Satisfaction assessment results	● Satisfaction level at 96.63 percent
● Social investment costs in “New Home Project” (Community Investment)	● 4,600,0000 baht (4 child development centers in 4 provinces which are Kanchanburi, Prajuab Kirikhan, Nakhon Phanom, and Nakhon Sawan)
● Blood volume from the donation of employees in “Muangthai Ruam Jai for Blood Donation Project” for the Thai Red Cross Society	● 7,121 employees donated blood (300 cc per person) for totaling 2,492,350 cc.
● Costs for distributing survival bags during the spread of Covid-19 disease	● 60 million baht (200,000 survival bags) together with the personal money of the Petaumpai Family
● Total employees	10,328 people

Financial service business is a business that focuses on building relationships between service providers having the employees as the main resource to the service users or the customers. Therefore, the Company places great importance on taking care of its employees to be able to perform their work happily, receive compensation including appropriate benefits to attract and retain potential personnel to drive the organization and grow with the organization over the long term. This can create the strong “corporate culture” and a center of employees and executives at all levels.

The corporate culture consists of 5 “core values” which are the beliefs and practices of people at all levels in the organization. They are also cultivated among employees through generation to generation as follows:

- Morality
- Exertion
- Perspective
- Harmony
- Discipline

The Company believes that happy employees will be able to forward happiness to our customers as the Company’s slogan that is “Intimate services like closed family members”. In 2020, the Company did not change the employee’s policy and guideline from the previous year. In addition, the Company has not had social development goal as this is in the historical data collection process. However, the Company expects to set the goal within 2021.



3.6.1 Policy of Recruitment and Allocation of Human Resources

The Company focuses on recruiting suitable personnel for the performance of each duty by adhering to the human rights policy which is disclosed in the Company’s website in the Investor Relations section and accepting diversity in personnel selection. This includes treating all stakeholders of the Company with fairness and equality no matter what difference in physical features, sex, race, religion, social status, or political attitudes. It has to take into account the ability, limit and risk in performance as well. Thus, the personnel of the Company consist of employees who come from different places with multicultural bases of knowledge, ability and experiences.

Most of the employees at the operational level are employees at the branches. Their main duties and responsibilities are to analyze and approve the loans, and loan collection (Front Office). As it is considered a risky duty in the operation, the Company avoids using female employees. However, the employees at the operational level with other duties and responsibilities that do not have any operational risks (Middle and Back Office) consist of both male and female employees. The proportion can be classified as follows.

Employees classified according to their duties and responsibilities	Proportion of male employees	Proportion of female employees
All employees	9,202	1,126
Front Office employees	9,058	-
Middle-Back Office employees	116	1,120
Executives	28	6
Board of Directors	10	3

In addition, the Company will not accept any action that violates the rights of freedom of the persons or any group of people both directly and indirectly including physical harassment, verbal abuse, persecution, intimidation, embarrassment, sexual harassment, disdain, etc. The Company will not use and will not support all forms of illegal labor.

The company provides audit channels for regulatory cases, discussion channels, and detailed communication talks, as detailed in the opening of the Company's website in the "Contact Us" section. In 2020, the company has not received any complaints.

3.6.2 Human resource development policy

The Company encourages employees to develop skills and the knowledge necessary to perform the work for maximum efficiency and effectiveness through training and an internal learning exchange platform called "MTC University".

● Training

Training plan for developing skills and knowledge of employees is divided into two main categories; expectation on performance and expectation on effectiveness.

- Performance training consists of different courses for different development objectives of employees at different levels such as new employee orientation training, excellent service training, training on debt acceleration techniques by telephone and on site, management technique training for executives, etc.

- Training in effectiveness consists of compulsory courses intended to enable employees to perform their duties and to clearly measure the results after

the training. The results of the Company's performance were measured after the brokerage training course and the insurance renewal course. The details of the training are provided in the Muangthai Capital PCL. sustainability report 2020.

● Internal learning exchange platform ("MTC University")

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.

3.6.3 Policy for evaluating employee performance, compensation, welfares and safety

● Performance appraisal policy

The Company has set a tool of Key Performance Index (KPIs) called "MTC Model" which is a standard for evaluating employee performance focusing on maintaining credit quality. The remuneration is based on performance which is assessed individually to make it transparent and fairness in line with the Company's human rights policy on treating individuals with equality acceptable to all personnel levels.

- Policy of compensation and welfares
 - Long-term returns

Apart from the regular salary and remuneration depending on the performance, the employees also receive remuneration from the revenue sharing of the Company. This type of compensation sharing gives employees a sense of involvement in the ownership of the Company. This sense of involvement has a clear positive impact on the business operation continuously. The resignation of employees in key positions (Key person) is detailed in the report with number of employees retired by working age.

- Other welfares
 - 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 at all levels.

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

- 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.

- Accommodation for employees

To reduce the cost of living for employees, the Company provides accommodation for employees by allowing employees to stay at the branch building if necessary. Besides, the employees stationed at the Head Office will be allowed to stay at the dormitory of the Company which is located near the Head Office building in Bang Phlat, Bangkok

- Place for exercise in the Head Office building

The Company provides a fitness facility in the Head Office building which includes standard fitness equipment. It is the space for employees and executives at all levels including shower room without collecting additional expenses from employees.

- 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.

- Legal compensation for retirement age

The Company has a legal reserve for employees aged 20 years or more who have the right to receive compensation at 400 days on the retirement date when the employees reach 60 years of age under the Labor Protection Law No. 7.

- Provident fund for employees

Apart from general remuneration, the Company also established a provident fund in accordance with the Provident Fund Act B.E.2530. The Company and its employees contributed to the fund on a monthly basis at the rate of 3-5 percent of the salary. This provident fund is managed by Kasikorn Asset Management and will pay back to the employees when such employees retire in accordance with the fund rules of the company.

- Safety and environmental policy in the work of employees

- 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 details of "Unplanned leave rate of employees and Rate of accidents during the work of employees" are provided on Muangthai Capital PCL sustainability report 2020.

3.6.4 Succession Plan Policy

To make the operations of the Company grow continuously and efficiently, the Company has a planning policy on the succession of the Company not to specify only senior management positions, the recruitment of candidates who will be able to perform replacement jobs in key positions is in accordance with the following steps.

3.6.4.1 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

3.6.4.2 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.

3.6.4.3 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.

3.6.4.4 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.

3.7 Operational performance on environmental dimensions

Summary of operational performance on environmental dimensions			
Type	Unit	Total amount of greenhouse gas emission	
		2020	2019
Scope 1	TonCO ₂ e	7,015.68	2,477.75
Scope 2	TonCO ₂ e	16,039.76	N/A
Scope 1 and Scope 2	TonCO ₂ e	23,055.44	2,477.75
Full-time employees	คน	10,328	9,589
Concentration of amount of greenhouse gas emission (FTE)	TonCO ₂ e/คน	2.23	0.26
Scope 3	TonCO ₂ e	528.84	437.70

Remark : The Company improved the assessment of CO₂ emissions from the main resources that the company used. This includes petrol usage of the vehicles that the Company owns, electricity usage, water usage, paper usage, and methane emissions from septic tanks from the head office and branches. One hundred percent led to the total CO₂ emissions in 2020 to rise significantly higher than in 2019.

3.7.1 Environmental management policy

In 2020, the Corporate Governance Committee has organized a review on the “Environmental Management Policy” in accordance with the context and global environmental challenges to reflect the operations of the Company in the environmental dimensions covering the Company, subsidiaries, and employees including the trading partners and business partners.

The details of “Environmental management policy” are provided on Muangthai Capital PCL sustainability report 2020.

3.7.2 Performance report on carbon footprint management

The Company operates the carbon footprint of the organization by measuring greenhouse gas emission in the year 2020 in 3 scopes. In addition, this was audited by KPMG Phoomchai Audit Ltd. The details are provided in “Assurance from independent certified bodies” in Muangthai Capital PCL sustainability report 2020.

Scope 1: Direct GHG Emissions

The calculation is made from the combustion of fuel generated by the vehicle (owned by the organization) calculated from the consumption of gasoline and diesel fuel importantly (the information covering the entire Head Office and branch offices nationwide). In 2020, the Company has measures to control fuel consumption by changing the format of the general meeting from the previous meeting at the Bangkok Head Office building for the Video Conference. For the past 2021 policy announcement, the carbon footprint could be reduced by 4,655.41 KgCO₂e or equivalent to 517 co₂ absorption / year of trees *.

Remark : The Company uses the calculation tool of the Care the bear project developed by the Stock Exchange of Thailand.

Table of oil consumption amount

Type	Consumption amount (Liter)	TonCO ₂ e
Diesel	1,023,106.42	2,803.62
Gasohol 91, 95	1,478,859.35*	3,357.45
Total	2,501,965.77	6,161.07
FTE	10,328 persons	0.60

**Remark : The Company collected the usage of diesel and petrol from the fleet card (only the cars that the Company own and the executive’s cars) and the estimated amount of petrol that the company pays to employees who use their motorbikes for the Company’s operation. The estimation is the oil expense payment of each month divided by the oil price at the end of the month which the result is in liters.*

The Company has its oil consumption control measure which has been changed from meeting at the head office in Bangkok to video conference. According to the annual policy statement in 2021, the Company could reduce Carbon footprint by 4.66 tonCo₂e equivalent to 517 trees absorbing CO₂ per year.

**Remark : The Company uses the calculating equipment of the Care the bear Project which is conducted by the Stock Exchange of Thailand.*

Scope 2: Indirect GHG Emissions

The calculation is made from the purchase of electric power to use in the organization (Bangkok Head Office only). In 2020, apart from the electricity saving measures in accordance with the Company's original practice guidelines, including projects "Close for change" as disclosed in the 2019 Sustainability Report. However, the table below reports the estimated payment for the electricity consumption (by the Head office and branches nationwide, accounting for 100 percent) divided by the average electricity price at 4.20 baht per unit*.

Table of electricity consumption amount in 2020

Building	Actual payment of electricity consumption	Consumption amount (kWh)	TonCO2e
Electricity consumption	134,701,182.19	32,085,942.74	16,039.76

*Remark : the average electricity expense per unit is 4.20 baht which is calculated from the electricity consumption (unit: kWh) per month between October - December 2020. The results show that the average expense per month are 4.09, 4.36, and 4.15 baht per unit. Therefore, the average price of 3 months is at 4.20 baht per unit. Then the average price is used to calculate the Company's electricity expense per month in 2020 to get the estimated electricity consumption. (unit: kWh)

Scope 3: Other Indirect GHG Emission

The calculation is made from the paper consumption (information covering the entire Head Office and branch offices nationwide), the use of water supply (specific information about the Bangkok Head Office building), including the purchasing environmentally friendly products in the category of office equipment (Head office building specific information) which can enumerate measures and performance based on Scope 3 as follows:

Paper consumption measure

1) The Company encourages all departments in the organization to cooperate in reducing the paper usage by campaigning to choose to print and use paper on both sides.

2) The Company has developed an electronic receipt (e-Receipt) in accordance with the rules and practices in line with the Revenue Department. The project is started for the pilot operation in October 2020, which can help reducing 5,300.20 reams or equivalent to 11,554.44 kg or help reducing carbon footprint for 7.71 tonCO2e. In this regard, the scope of the e-Receipt Program will be extended to cover all branch offices nationwide by April 2021.

Table of paper consumption in 2020

Type	Consumption amount (kg)	TonCO2e
A4	272,303.80	181.82
F14	99,333.08	66.32
Total	371,636.88	248.14

Remark : The Company has recorded the paper consumption through ACC program since 2017.

- Measures for the use of water resources

The amount of water consumed is calculated from the payment of water consumption (by the Head Office and other branch offices nationwide, accounting for 100 percent) divided by the average water price of 0.013 baht per unit.

Table of water consumption in 2020

	Actual payment of water consumption	Consumption amount (m ³)	TonCO ₂ e
Water consumption	13,159,999.93	987,322.65	280.70

**Remark : the average water price is 0.013 baht per unit calculated the water consumption (unit: m³) per month between October to December 2020. This led the average water expense per month at 0.013, 0.013, and 0.014 baht per unit. Thus, the average price of 3 months is at 0.013 baht per unit. Then the average price of water is used to estimate the Company's water consumption (unit: m³) per month in 2020.*

- Risk assessment of water in the Company's

The Company assessed the risk of water covering the Head office and branches (amounting to 100 percent) by the Aqueduct Water Risk Atlas equipment of the World Resource Institute. In 2020, the Company collected the water consumption information and the risk assessment of water in the Company's operating area for the first year. Therefore, there is no change of the information as there is no information in 2019.

Proportion of the risk area of the Water Stress

	Cubic meter (m ³)	Proportion (%)
Extremely High (>80%)	173.37	18
High (40-80%)	242.22	25
Medium to High (20-40%)	226.61	23
Low to Medium (10-20%)	112.59	11
Low (<10%)	232.50	24

**Remark : The Company calculated proportion of water consumption of the branches, representing Water Stress from water resources of Metropolitan Waterworks Authority (MWA) and Provincial Waterworks Authority (PWA).*

- Operation Green product purchasing measures

The Company promotes the purchase of environmentally friendly products in the category of office equipment at the Head office according to the criteria of the Pollution Control Department. In the year 2020, the Company has started to purchase green labelled toilet paper and A4 paper (only in the head office).



3.8 Performance of social projects

The Company has operated the Corporate Social Responsibility (CSR) program since 2011 with a focus on giving and creating opportunities for communities and society under the concept of “Responsible Lending”. The Company conducted the project “Muangthai Mai Ting Kan” to stand alongside the community in 3 important areas; education, public health, and religion and culture, which are the foundations of the community strength.

The Company believes that such activities can create Social Investment and Community Engagement between the Company’s employees and the communities where the Company’s branches are located. Apart from the Well-being development to the grass root people, it can also create Brand Awareness by telling them about the Snowball Effect. Thus, the project operation of “Muangthai Mai Ting Kan” gives the Company’s stakeholders both employees and customers to participate in various activities as well.

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 for more than 8 years. Each year, personnel stationed in different sub-districts will study and survey the area together with the Sub-district Administrative Organization or other relevant local partners before presenting to management. Once the area has been considered, the Company will contact the Sub-district Administrative Organization in the selected area to set an area for the construction of a child development center with a construction budget of approximately 1.2 million baht per building of a child development center.

For the building construction, the Company has referred to the design from the Department of Health, Ministry of Public Health, setting the standard building design for safety and reduction of congestion for early childhood importantly. The Company has built 16 child development centers nationwide under

the project. In 2020, the Company has built 4 more child development centers under the budget of over 4,600,000 million baht in 4 provinces including Nakhon Sawan, Nakhon Phanom, Kanchanaburi, and Prachuap Khiri Khan with more than 133 primary children being the direct beneficiaries.

In addition, the Company also regularly monitors the activities of the Child Development Centers in order to be in line with the Company’s intentions. The number of early childhood children who were given opportunities to access safe areas was inquired. The Sub-district Administrative Organization of each area is responsible for this mission.

In public health

The employees of the Company have consistently supported the blood donation program “Muangthai join in blood donation” to Thai Red Cross. Each year the Company’s employees have blood donation at various hospitals and the Thai Red Cross nationwide. In the year 2020, the Company had 7,121 blood donors (300 cc per person), totaling 2,492,350 cc of blood. In this regard, the top management of the company, Mr. Banyat Nilsiri has donated blood calculated as 71.80% of the total number of 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.

However, due to the situation of the 2020 Covid-19 epidemic, the Board of Directors resolved that such activities should be temporarily suspended since most people have suffered financially and to avoid organizing crowded activities according to the guidelines of the Department of Disease Control, Ministry of Public Health.

4

Management analysis and explanation

4.1 Management Discussion and Analysis: MD&A

The outbreak of COVID-19 has had a severe impact on the economy at the beginning of 2020. However, after a period of time, the economy has recovered. As the government continued to relax restrictions, the loan receivable grew continuously at 17.62% (YTD) from 60,337.69 million baht in 2019 to 70,967.95 million baht.

According to the impact of COVID-19, the Bank of Thailand which is the regulator announced the reduction of the interest rate of personal loans for non-bank financial institutions. The interest rates (including fines, collection fees, service fees, and other fees) of personal loans which exclude vehicle title loans must not exceed 25%. For vehicle title loan registration loans and microfinance must not exceed 24% and 33% respectively. The regulated interest rates were imposed on 1st August, 2020. This led the Company to adjust its strategy and operating system to operate more efficiently to reduce the operating expenses. In addition, the Company could well control financing costs and manage the quality of the assets. As shown that the Company could manage and maintain the NPL at 1%.

The overall Group's operations in 2020 had the net profit of 5,213.92 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 4,884 branches of service channels. In 2020, the amount of loan receivables increased by 17.62% from the end of 2019. 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 and the increasing number of employees to support branch expansion.

In 2019, the Company invested in Muangthai Leasing Company Limited to engage in the business of providing hire and purchase loans accounting for 99.99 percent of the total paid-up shares. The objective is to provide additional loan services for the customers. In 2020, Muangthai Leasing Company Limited shareholder's meeting approved the capital increase of Muangthai Leasing Company Limited from 20 million baht registered capital to 500 million baht. In 2020, the Company paid-up capital of 480 million baht to Muangthai Leasing Company Limited.

4.2 Important financial information

Muangthai Capital Group reported the net profit of 5,214 million baht in 2020 period which changed from 2019 due to important reasons. This can be summarized as follows:

4.2.1 Statements of comprehensive income

Revenue

Revenue	2020		2019		Growth rate 2020-2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Interest and fee income from loan receivables	13,961.51	94.77	11,879.69	93.63	2,081.82	17.52	9,544.31	91.63
Fee and service income	677.50	4.60	678.88	5.35	(1.38)	(0.20)	758.50	7.28
Insurance commission income*	48.93	0.33	44.34	0.35	4.59	10.35	37.88	0.36
Other income	44.65	0.30	85.02	0.67	(40.37)	(47.48)	75.77	0.73
Total revenues	14,732.59	100.00	12,687.93	100.00	2,044.66	16.12	10,416.46	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 loan granting

The interest and fee revenues from loan granting is the main source of revenue which account over 90% of the total revenue which are presented as follows:

Interest and fee income from loan receivables Million (Baht)	2020	2019	Growth rate 2020-2019	2018
● Vehicle title loans and deed loans	11,211.93	9,603.50	16.75	8,096.29
● Personal loans and Nano finance loans	2,703.58	2,270.96	19.05	1,448.02
● Hire purchase	46.00	5.23	779.54	-
Total	13,961.51	11,879.69	17.52	9,544.31
Average interest income rate (%)	21.77	22.61		23.57

The main reason causing the interest and fee revenues from loans has been growing continuously are because the Company has the loan expansion of the same branch and from the opening from 4,107 branches in 2019 to 4,884 branches in 2020. In addition, the Company charges lower interest on loans than competitors in the industry 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 were 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 increased 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	2020		2019		Growth rate 2020-2019		2018	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Service expenses and administrative expenses	6,144.15	74.78	5,314.19	71.86	829.96	15.62	4,100.46	70.82
Loss from disposals of properties foreclosed	-	-	-	-	-	-	2.79	0.05
Bad debts and doubtful debts	-	-	554.21	7.50	(554.21)	(100.00)	586.21	10.13
Loss arising from derecognition of financial assets measured at amortized cost and hire purchase receivables	(36.14)	(0.45)	-	-	(36.14)	100.00	-	-
Gain and reversal of expected credit loss	291.12	3.54	-	-	291.12	100.00	-	-
Finance costs	1,816.96	22.11	1,526.55	20.64	290.41	19.02	1,100.26	19.00
Total Expense	8,216.09	100.00	7,394.95	100.00	821.14	11.10	5,789.72	100.00

The Group had the total operating expenses of 8,216.09 million baht in 2020, an increase of 821.14 million baht from 2019 representing 11.10%. This includes the total operating expenses which consist of service and administrative expenses, loss arising from derecognition of financial assets measured at amortized cost and hire purchase receivables, gain and reversal of expected credit loss, 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)	2020	2019	Growth rate 2020-2019	2018
Salary, wages and other employee benefits	3,675.58	3,008.69	22.17	2,228.01
Rental and service expense	12.62	749.41	(98.32)	611.76
Special business tax	494.00	441.78	11.82	345.80

- Salary, wages and other employee benefits increasing by 666.89 million baht came from the increase of personnel to support the branch expansion. The number of employees at the end of 2020 = 10,328 employees, 2019 = 9,576 employees, and 2018 = 7,647 employees.

- Rental Fee Since January 1, 2020, the company has followed TFRS 16 for the first adoption, resulting in a decrease in the nature of expenses related to the lease. The Company recognizes the depreciation of assets, use rights and interest expenses on lease liabilities.

- Specific business tax increasing for 52.22 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 2020 = 13,961.51 million baht, 2019 = 11,879.69 million baht and 2018 = 9,544.31 million baht.

Impairment of loan receivables

Previously, the company estimates allowance for doubtful accounts by analyzing the debt settlement history and forecasting about customer future payments. As of January 1, 2020, the Company has complied with TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis., the estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with percentage of the loss given default ("LGD") with the expected exposure at the time of default ("EAD").

Forward-looking macroeconomic assumptions are incorporated into the PD, LGD and EAD where

relevant and where they have been identified to influence credit risk. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

Multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios both in terms of determining the PD, LGD and EAD, where relevant, and in determining the overall expected credit loss amount.

The Company's loan receivables result as follow:

	2020	2019	2018
Allowance for expected credit loss	1,327.72	1,714.96	1,499.15
Bad debt and doubtful accounts	-	554.21	586.21
Loss arising from derecognition of financial assets measured at amortized cost and hire purchase receivables	(36.14)	-	-
Expected credit loss	291.12	-	-
Non-performing debt ratio	1.06%	1.03%	1.12%

In 2020, the Company has adopted the TFRS 9 accounting standard to calculate the impairment of assets. This is calculated by multiplying the PD (Probability of default), percentage of LGD (Loss given default), and the loan value or the EAD (Exposure at the time of default). The calculation includes the assumption of macro-economic situation in the calculation of PD, LGD and EAD.

Financial expenses

Finance expenses are the interest expenses of the short-term loans, long-term loans from commercial banks and debentures. The increasing sum was due to the increase in loans to support the loan expansion of the Company and the average interest rate of loans increased according to the upward trend of market interest rates from early 2018 to mid-year 2019. However, at the end of 2019, interest rates declined as a result of the policy rate reduction of the Bank of Thailand due to the economic slowdown.

Net profit

	2020	2019	2018
Financial Cost (million baht)	1,816.96	1,526.55	1,100.26
Average Interest Expense Ratio (%)	3.58	3.83	3.51
Interest Spread (%)	18.19	18.78	20.06

From the operational performance described above, in 2020 the Group's net profit increased to 5,214 million baht due to the portfolio expansion of the loan receivables through branch expansion. At the end of 2020, the Company has 4,884 branches and loan receivable value of 70,968 million baht.

Net Profit	2020	2019	2018
Net profit (million baht)	5,214	4,237	3,713
Net profit margin (%)	35.39	33.40	35.65
Net profit margin – Growth rate (%)	23.06	14.11	48.50

4.2.2 Statement of financial position

Assets

In 2020, the Company's total assets value was at 72,902 million baht. The majority of the asset is loan receivables which account for 90% of the total assets.

Assets	2020		2019		Growth rate 2019-2020		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Cash and cash equivalents	1,378.09	1.78	783.17	1.27	594.92	75.96	880	1.79
Loan receivables - net	69,281.39	89.72	58,538.78	94.61	10,742.61	18.35	46,548	94.71
Hire purchase receivables - net	358.84	0.46	83.95	0.14	274.89	327.44	-	-
Land, buildings and equipment	1,928.49	2.50	1,778.31	2.87	150.18	8.44	1,269	2.58
Right of use assets	3,564.07	4.62	-	-	3,564.07	100.00	-	-
Other assets	711.00	0.92	687.39	1.11	23.61	3.43	449	0.92
Total	77,221.88	100.00	61,871.60	100.00	15,350.28	24.81	49,146	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	2020		2019		Growth rate 2019-2020		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Motorcycles	24,453.81	34.46	20,620.31	34.17	3,833.50	18.59	16,800.42	34.97
Cars	23,563.42	33.20	19,685.60	32.62	3,877.82	19.70	15,394.48	32.04
Agricultural trucks	2,967.37	4.18	2,640.54	4.38	326.83	12.38	2,080.86	4.33
Land	5,277.04	7.44	5,350.53	8.87	(73.49)	-1.37	6,630.58	13.80
Personal loans	6,928.13	9.76	6,104.22	10.12	823.91	13.50	4,925.08	10.25
Nano-finance	7,417.51	10.45	5,851.70	9.70	1,565.81	26.76	2,216.05	4.61
Hire purchase	360.67	0.51	84.79	0.14	275.88	325.37	-	-
Total	70,967.95	100.00	60,337.69	100.00	10,630.26	17.62	48,047.47	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	2020		2019		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Assets that are not significant increase in credit risk (Performing)	65,726.95	92.62	54,937.60	91.05	44,203.83	92.00
Assets that are significant increase in credit risk (Under-Performing)	4,493.62	6.33	4,778.59	7.92	3,303.82	6.88
Assets that are credit-impaired (Non-performing)	747.38	1.05	621.50	1.03	539.82	1.12
Total	70,967.95	100.00	60,337.69	100.00	48,047.47	100.00
Deduction : allowance of doubtful debts	(1,327.72)	(1.87)	(1,714.96)	(2.84)	(1,499.15)	(3.12)
Loan receivables - net	69,640.23	98.13	58,622.73	97.16	46,548.32	96.88

	2020		2019		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Loan receivables - within 1 year	39,472.17	56.68	34,929.34	59.58	28,604.95	61.45
Loan receivables - over 1 year	30,168.06	43.32	23,693.39	40.42	17,943.37	38.55
Loan receivables - net	69,640.23	100.00	58,622.73	100.00	46,548.32	100.00

Property, plant and equipment

The Group had net property, plant and equipment in the amount of 1,268.50 million baht at the end of 2018, 1,778.31 million baht at the end of 2019, and 1,928.49 million baht at the end of 2020. This represents the ratio of total assets equaling 2.58, 2.87, and 2.50 in 2018, 2019, and 2020 respectively. The reason why the Group has net property, plant and equipment in a small proportion is that most of the branches are rented causing most of the Company's assets to consist of office equipment, computers and vehicles for operation purposes only.

Liabilities and Shareholder's equity

Liabilities	2020		2019		Growth rate 2019-2020		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Loan	50,974.75	66.01	44,136.24	71.34	6,838.51	15.49	35,460	72.15
Other liabilities	5,565.00	7.21	1,763.65	2.85	3,801.35	215.54	1,387	2.82
Total liabilities	56,539.75	73.22	45,899.89	74.19	10,639.86	23.18	36,847	74.97
Total shareholders' equity	20,682.13	26.78	15,971.71	25.81	4,710.42	29.49	12,299	25.03
Total liabilities and shareholders' equity	77,221.88	100.00	61,871.60	100.00	15,350.28	24.81	49,146	100.00

In 2020, the Group's liabilities and shareholder's equity equal 77,222 million baht, with the main source of fund being loans. As the Group operates in the loan business, the Group has been raising funds in the form of promissory notes, overdraft limits, and long-term loans. In addition, the Company has another channel to raise funds by issuing Bills of Exchange and Bonds.

Loan

Loan	2020		2019		2018	
	Million (Baht)	%	Million (Baht)	%	Million (Baht)	%
Short term loan	2,396.53	4.70	1,897.23	4.30	4,775.28	13.47
Long term loan - Bank	10,125.38	19.86	7,031.66	15.93	7,694.73	21.70
Long term loan - Debenture	38,452.84	75.44	35,207.35	79.77	22,989.54	64.83
Total	50,974.75	100.00	44,136.24	100.00	35,459.55	100.00

The Group has a source of fund from financial institutions in the form of promissory notes, overdraft limit, and long-term loans. For bond market, it comes from the issuance of bills of exchange and debentures.

Shareholders' equity

Shareholders' equity of the Group increased from operating profits. The Company pays dividends from annual profits every year.

	2020	2019	2018
Net profit (million baht)	5,214	4,237	3,713
Dividend (million baht)	784	636	551
Dividend (per share)	0.37	0.30	0.26
Debt to Equity Ratio	2.73	2.87	3.00

Liquidity

Unit : Million Baht	2020	2019	2018
Net cash flows used in operating activities	(2,387)	(5,992)	(6,842.80)
Net cash flows used in investing activities	(634)	(791)	(471.91)
Net cash flows from financing activities	3,616	6,686	7,041.16
Net decrease in cash and cash equivalents	595	(97)	(273.55)

Cash flows from operating activities

The Group has cash flow used in the operations which is considered normal for the lending 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 fund raising to be used as working capital for the loan repayment.

4.3 Financial Ratio

Item	2020	2019	2018
	Million (Baht)	Million (Baht)	Million (Baht)
Total assets	77,221.88	61,871.60	49,146.11
Total liabilities	56,539.74	45,899.89	36,847.04
Shareholders' equity	20,682.13	15,971.71	12,299.07
Total revenue	14,732.59	12,687.93	10,416.46
Total expenses	6,399.13	5,868.40	4,689.46
Net profit (loss)	5,213.92	4,237.47	3,713.39
Net debt to EBITDA ratio (times)	5.22	6.12	5.82
Interest coverage ratio : ICR (times)	5.57	4.65	5.40
debt service coverage ratio : DSCR (times)	0.49	0.48	0.54
Debt to equity : D/E ratio (times)	2.73	2.87	3.00
Current ratio (times)	1.87	2.20	2.40
BE size to interest bearing debt ratio (times)	0.02	0.02	0.08
Current portion of long-term loans to total interest-bearing debt (times)	0.38	0.33	0.31
Borrowings from financial institutions to total liabilities (times)	0.20	0.17	0.26
Non-performing loan to total loans (%)	1.06	1.03	1.12
Allowance for doubtful account to total loans (%)	1.87	2.84	3.12
Return on assets: ROA (%)	7.50	7.63	8.63

Remark :

The net debt to EBITDA ratio is calculated from (total interest-bearing debt exclude liabilities under hire purchase payable – cash and cash equivalent / Earnings before interest tax, depreciation and amortization (EBITDA)

The ability to pay interest ratio is calculated by earnings before interest tax, depreciation and amortization (EBITDA) divided by interest expense

The solvency ratio is calculated by earnings before interest tax, depreciation and amortization (EBITDA) divided by short-term interest-bearing debt + current portion of long-term interest-bearing debt

The debt to equity ratio is calculated following the term which the issuer should maintain the Debt to Equity Ratio below 7:1 at the year-end of each accounting period. The calculation is based on the consolidated financial statement by the auditor of the issuer (which is certified by the Securities and Exchange Commission) throughout the duration period.

The non-performing loan ratio is calculated by the non-performing loan / total loan

The allowance for doubtful account to total loan is calculated by allowance of doubtful account (or allowance credit loss) / total loan

The return on assets ratio is calculated by net profit / total assets

ทางเลือกสำหรับลูกค้าใหม่

ออกกรมอเตอร์ไซค์ใหม่

กับเมืองไทย แคมป์ตอล



General Information and other important information

General Information

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 Address	332/1 Jaransanitwong Road, Bangplad, Bangkok 10700
Company registration number	Plc. No. 0107557000195
Homepage	http://www.muangthaicap.com
Authorized capital	2,120,000,000.00 baht (as of 31 December, 2020)
Paid-up capital	2,120,000,000.00 baht (as of 31 December, 2020)
Telephone	02-483-8888
Registrar of securities	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Din Daeng, Bangkok 10400 Telephone: 0-2009-9999
Company's secretary	Miss Monthon Onphaen Muangthai Capital Public Company Limited 332/1 Jaransanitwong Road, Bangplad, Bangkok 10700 Telephone: 02-483-8888 Ext.12999 Email: monthon.o@muangthaicap.com
Auditor	1. Mr.Chanchai Sakulkoedsin Certified Auditor No. 6827 and/or 2. Mr.Chokechai Ngamwutikul, Certified Auditor No. 9728 and/or 3. Miss Sureerat Thongarungsang Certified Auditor No. 4409 and/or 4. Miss Orawan Chunhakitpaisan Certified Auditor No. 6105 From KPMG Phoomchai Audit Ltd.

5.1 Other information

-Not any-

5.1 Legal dispute

As of 31 December 2020, the Group is not a litigant or party in the following cases:

5.2.1 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 31 December, 2019.

5.2.2 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.

5.2.3 Cases that did not occur from the main business operations of the Company or the subsidiaries. However, the Company had been a complaint from a group of former customers that the Company charge higher than the regulated interest rate. The Department of Special Investigation has considered a special case to be investigated by following the special case investigation act B.E.2547. Currently, the status of the case is on the investigation process and consolidating evidence. However, the Company believes that the interest rate in the past was not higher than the regulated rate and it complied with terms rules of personal loan which announced by the Ministry of Finance and the Bank of Thailand in 2019. The Company believes that the case has no significant impact on the Company's business operations.

5.3 Secondary market

-Not any-

5.4 Regular Contacted Financial Institution

- Bangkok Bank Public Company Limited
- Kasikorn Bank Public Company Limited
- Krungthai Bank Public Company Limited
- Siam Commercial Bank Public Company Limited
- Kiatnakin Phatra Bank Public Company Limited
- CIMB Thai Bank Public Company Limited
- Land and Houses Bank Public Company Limited
- Bank of China (Thai) Public Company Limited
- CIMB (Thai) Bank Public Company Limited
- Capital Nomura Securities Public Company Limited
- KGI Securities (Thailand) Public Company
- Krungthai Zmico Securities Company Limited

5.5 Legal advisor of the Company

Baker and McKenzie Company Limited, 5th, and 21st–25th floors, 990 Abdulrahim Place Rama IV Road, Silom, Bangrak, Tel. 02-636-2000, Fax. 0-636-2111

Part 2: Corporate Governance

Report on the Conformity to the Corporate Governance Code of Conduct for the year 2020

To Shareholders

The Board of Directors, management, and all employees give great importance to and always adhere to operate the business in accordance with good corporate governance principles and business ethics. Thus, the Company has the effective and transparent management to recognize the impacts on all direct and indirect stakeholders. To ensure that all actions are in accordance with the mentioned policy, the Board of Directors appointed and assigned the Corporate Governance Committee to be responsible for supervising, monitoring and supporting the operations of the Company in accordance with the corporate governance policy and practice, business ethics including the Company's sustainable development policy.

The Corporate Governance Committee believes that the good corporate governance policy, ethics and business ethics along with sustainable development taking into account the participation in the development of the country's economy, society and environment. This is one of the important factors that will enhance the Company to be a leading company with stable and sustainable growth creating confidence among shareholders and investors. In addition, the Company is also aware of the corruption which is an obstacle to social development. Currently, the Company is a member of the Collective Action Coalition as part of the business practice in line with good corporate governance principles and the certificate was granted from the project since 18th October, 2019.

For the operation in 2020, the Company received awards and rankings for compliance with good corporate governance and sustainability both domestic and international as follows:

- The Company was announced for the Corporate Governance of Listed Companies for the year 2020 as "Excellent" (5 stars) for the third consecutive year which was assessed by Thai Institute of Directors (IOD).

- The Company was officially certified as a member of Collective Action Coalition (CAC).

- The Company was rated in the list of Thailand Sustainability Investment (THSI) index by the Stock Exchange of Thailand for the second consecutive year.

- The Company was rated "A" for the second consecutive year in the ESG MSCI Index on the environmental, social and corporate governance performance by MSCI in the business group of Consumer Finance.

- The Company was selected to be a member and ranked in the FTSE4Good Index Series Sustainability Index in the FTSE4Good Emerging Index group from FTSE Russell, with a score of 3.5 out of 5 or 1.4 times the industry average.

- The Company was selected as a member of the FTSE Thailand USD Net Tax Index by FTSE Russell with profitable operating results, accurate and transparent tax management with the best interests of the country.

- The Company has disclosed information on environmental impact and received a Climate Change management assessment at a D level up from D- from the previous year from CDP.

In addition, the Corporate Governance Committee has reviewed and followed up on the performance. Including the plan on good corporate governance, social, community and environmental responsibility at least 1 time in a year.

In 2020, the Company secretary department proposed to the Corporate Governance Committee to improve the policy, and the plan on good corporate governance in accordance with the corporate governance policy (CG Code 60) by the Securities and Exchange Commission (SEC).

Corporate governance policy

The Company is committed to conducting business for stable and sustainable growth by creating added value for shareholders and shared values for all stakeholders. The Board of Directors has given importance to the practices of the Stock Exchange of Thailand in order to have a good corporate governance system. The Board of Directors has established a corporate governance policy and code of business ethics for the directors, executives and employees so that everyone can be used as a

guideline for working with all stakeholders. This was announced and communicated for employees to be informed as well as being published on the Company's website (www.muangthaicap.com) with the objective for the Company's employees and those involved to have knowledge and understanding in the principles of corporate governance in the same direction by adhering to transparency, fairness, accountability, and ethics in business operations. The practices are compliant with related rules, regulations and laws as well as being responsible to the economy, society and environment by setting guidelines for the framework of operation and treating stakeholders to all stakeholders as follows.

- The Company's directors, executives and all employees are committed to implementing the principles of corporate governance, business ethics, and code of conduct for the Company's directors, executives and employees to practice in the operations of the Company to create value for the Company sustainably.

- The Company's directors, executives and all employees must perform duties with responsibility, prudence, honesty and integrity in accordance with the Company's law, regulations, and related notices.

- The Company's directors, executives and all employees will adhere to fairness by treating all stakeholders equally, while monitoring, controlling, preventing any decision or action with conflicts of interest and connected transactions by adhering to the benefits of the Company.

- The Company's directors, executives and all employees adhere to and follow the anti-corruption manual and does not violate intellectual property with respect to the law and human rights.

- Operate to have an internal control system and risk management to be at an appropriate level as well as having an accurate and reliable system of accounting and financial reports.

- Operate the Company's management structure to have good corporate governance with the clearly defined power, duties, and responsibilities of each committee and executive.

- Cultivate morality, ethics and good consciousness to treat employees with fairness as well as striving for continuous development and upgrading of the competence of personnel.

- Operate with due regard for the shareholders' responsibility, stakeholders, community, society, and environment.

- Recognize and respect the rights of shareholder ownership and treat shareholders equally.

- Strive for excellence in business operations by adhering to the satisfaction of the customers, listening and reviewing to increase management potential and always create the best outcome.

- Ensure that important information is adequately disclosed, reliable and timely as long as it does not affect the legitimate interests of the Company.

- Operate the tax management to be as efficient as possible based on good governance principles, good tax risk management, and disclosure for transparency.

In 2020, the Company received a 5-star rating from the Thai Institute of Directors Association (IOD) for the third consecutive year and has reviewed the policy and the approaches for corporate governance covering all five categories which are disclosed on the Company's website in the section of "Good Corporate Governance Policy" as follows.

Category 1: The Rights of Shareholders

1. Preservation and protection of shareholders' rights

The Company realizes and values the rights of all shareholders equally without doing anything infringing the rights or limiting the opportunity to access the Company's information. The Company provides additional communication channels to investors through the Company's Investor Relations Department having a team, regular employees, and the Company's website in the section of "Investor Relations". This contains current information and information of the Company including the exercise of various rights of shareholders.

2. Arrangement of shareholders' meeting

2.1 Shareholders' meeting

In 2020, due to the Covid-19 epidemic, the Board of Directors passed a resolution to pay an interim dividend on 7th May, 2020, in lieu of the resolution of annual dividend payment. The resolution was adopted from the Annual General Meeting of Shareholders which was delayed due to the unusual situation in order to mitigate the impact on the Company's shareholders. However, when the crisis from the virus epidemic in the country began to resolve, the Board of Directors had the resolution to hold the 2020 Annual General Meeting of Shareholders on 17th August, 2020, at 10:00 am at the Pinklao Meeting Room 2 (9th Floor), Royal City Hotel, No. 800 Borommaratchachonnani Road, Bangkoknoi, Bang Phlat, Bangkok, in accordance with the Company's regulations and related laws including the compliance with the principles of AGM Checklist and the standards of good corporate governance agreeing with the approaches of the Securities and Exchange Commission as follows:

- The Company provided a channel for individual shareholders to be able to present matters or agenda for consideration in filling as the agenda Andnominate qualified persons suitable for being elected as an individual director 3 months in advance from November to January by publishing the criteria, process, operational procedures, and documents for exercising the mentioned right on the Company's website <http://investor.muangthaicap.com/th/document/shareholders-meeting>. However, no shareholder exercised such rights as informed to the shareholders' acknowledgment in the general meeting of shareholders.

- The Company prepared and sent an invitation letter for Annual General Meeting of Shareholders and meeting invitation document in order for the shareholders to acknowledge the date, time, venue and agenda of the meeting, registration procedures, and documents that must be presented to the staff prior to the meeting. This included all information related to matters that have to be decided in voting at the meeting to the shareholders along with the annual report to everyone in Thai language and English published on the Company's website for not less than 30 days in advance. The meeting invitation letter was sent by post to the shareholders together with annual report in QR Code format 7 days in advance of the meeting date so that the shareholders can have enough time to study the information.

- The Company posted in the newspaper for 3 consecutive days for more than 7 days before the meeting date.

- The Company had not added agenda or changed any important information in the meeting appointment notice without prior notice to shareholders.

- 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.

2.2 Election of individual directors

● 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. At this 2020 Annual General Meeting of Shareholders, Mr. Suchart Suphapayak was nominated to be elected as a director and had left the meeting room during such agenda.

2.3 Determination of directors' remuneration

● 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.

2.4 Dividend payment

● For the interim 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 dividend payment. These require shareholders to receive dividends within 30 days after the interim dividend payment at the general meeting of shareholders on 8th April, 2020, 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 17th August, 2020, 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.

2.5 Shareholders' communication

● 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. This is in line with the Social Distancing Policy to protect shareholders from the spread of the Covid-19 virus by providing hand cleaning alcohol gel. The temperature of all participants is measured and provides seats with a distance between them as imposed by the Ministry of Public Health.

● 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 2020, the Company did not find the case that directors, executives and employees traded securities by using inside information or trading during the Blackout period

● In 2020, report on the changes of shareholdings of the Company's directors and executives as follows.

No.	Name	Position	Numbers of shares as of 31 st December, 2020	Numbers of shares as of 31 st December, 2019	Numbers of shares (increased/decreased)	Ratio of shareholdings
1	Adm. Apichart Pengsritong	Chairman of the Board/ Chairman of the Recruitment and Remuneration Committee/ Independent Director	500,000	500,000	-	0.024
	Spouse and minor child		-	-	-	-
2	Mrs. Kongkeaw Piamduaytham	Director/Chairman of the Audit Committee/ Member of Corporate Governance Committee/ Independent Director	800,000	800,000	-	0.038
	Spouse and minor child		-	-	-	-
3	Mrs. Nongnooch Davasuwan	Director/Member of Audit Committee/ Member of Risk Management Committee/ Independent Director	-	-	-	-
	Spouse and minor child		-	-	-	-
4	Mr. Kampol Tatiyakavee (out of office during the year)	Chairman of Risk Management Committee/ Member of Audit Committee/ Member of Audit Committee/ Independent Director	300,000	200,000	100,000	0.014
	Spouse and minor child		-	-	-	-

No.	Name	Position	Numbers of shares as of 31 st December, 2020	Numbers of shares as of 31 st December, 2019	Numbers of shares (increased/decreased)	Ratio of shareholdings
5	Dr. Yodhin Anavil	Director/Chairman of Corporate Governance Committee/ Member of Recruitment and Remuneration Committee/ Independent Director	260,000	200,000	60,000	0.012
	Spouse and minor child		-	-	-	-
6	Mr. Suchat Supaphayak (took office during the year)	Director/Chairman of Risk Management Committee/ Member of Audit Committee/ Independent Director	-	-	-	-
	Spouse and minor child		-	-	-	-
7*	Mr. Chuchat Petaumpai	Director/Chairman of the Executive Committee/ Member of Risk Management Committee	710,056,400	710,056,400	-	33.493
	Spouse and minor child		-	-	-	-
8*	Mrs. Daonapa Petaumpai	Director/ Managing Director	720,000,000	720,000,000	-	33.962
	Spouse and minor child		-	-	-	-
9	Dr. Seauksit Petaumpai	Director/Member of Corporate Governance Committee/ Member of Recruitment and Remuneration Committee	902,100	902,000	100	0.043
	Spouse and minor child		-	-	-	-

No.	Name	Position	Numbers of shares as of 31 st December, 2020	Numbers of shares as of 31 st December, 2019	Numbers of shares (increased/decreased)	Ratio of shareholdings
10	Mr. Surapong Pechaumpai	Deputy Managing Director (Senior)	925,100	945,000	(19,900)	0.044
	Spouse and minor child		-	-	-	-
11	Mr. Parithad Petampai	Deputy Managing Director	2,690,500	2,520,500	170,000	0.127
	Spouse and minor child		50,000	-	-	0.002
12	Ms. Duangkhae Songnuy	Assistant to Managing Director	1,145,000	1,145,000	-	0.054
	Spouse and minor child		-	-	-	-
13	Mr. Surat Chayavoradech	Assistant to Managing Director	-	-	-	-
	Spouse and minor child		-	-	-	-
14	Ms. Vimonrat Nujul	Accounting Manager	504,000	504,000	-	0.024
	Spouse and minor child			-		
15	Mr. Somkiat Ratsamee	Branch Manager	219,000	219,000	-	0.010
	Spouse and minor child		-	-	-	-
16	Mr. Amnat Niamsee	Debt Manager	400,000	419,300	(19,300)	0.019
	Spouse and minor child		-	-	-	-

No.	Name	Position	Numbers of shares as of 31 st December, 2020	Numbers of shares as of 31 st December, 2019	Numbers of shares (Increased/decreased)	Ratio of shareholdings
17	Mr. Banyat Ninsiri	Assistant to Branch Manager	151,000	200,000	(49,000)	0.007
	Spouse and minor child		-	-	-	-
18	Mr. Niyom Rodnoi	Assistant to Branch Manager	438,000	438,000	-	0.021
	Spouse and minor child		-	-	-	-
19	Mr. Pradit Thongkhum	Assistant to Branch Manager	200,000	200,000	-	0.009
	Spouse and minor child		37,000	37,000	-	0.002
20	Mr. Songkran Eiamkai	Assistant to Branch Manager	14,000	30,000	(16,000)	0.001
	Spouse and minor child		37,000	37,000	-	0.002

Remark: * Mr. Chuchat Petaumpai and Mrs. Daonapa Petaumpai are spouses.

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 Of 2019 (form 56-2).

● In the year 2020, 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 2020, the Audit Committee has considered the appropriateness of the connected transactions carefully that the connected transaction was done fairly. The conditions of the connected transactions are subject to market prices, contract prices, and agreed prices which are reasonable and in

accordance with the general business operation according to the market price and in accordance with fair and at Arm's Length Basis. This agrees with the rules of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand strictly regarding 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).

- In the year 2020, the Audit Committee reported the audit results of connected transactions that occurred during the year to the Board of Directors together with the quarterly financial statements and annual financial statements.

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 realizes that stakeholders in the Company's interests should be taken care of by the Company in accordance with the rights established by law or by mutual agreement, taking into account the relationship and cooperation among them. As this can build financial stability and the sustainability of the business, 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 7 groups. The Board of Directors has considered increasing 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. In addition, the Company is obliged to report to the Bank of Thailand 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. For the sustainable development of the Company, the roles of stakeholders in the Company's Code of Conduct can be summarized as follows.

Policy and guidelines for the practices towards employees, executives, and directors

The Company realizes the importance of all employees, executives and committees who play the role in driving the Company to continue the business operation in the future. Thus, the Committee established human rights policies and practices in accordance with the United Nations framework for the protection, respect and remedy by respecting the principles of rights and humanity at all levels. This includes striving to prevent human right violations by treating everyone equally to be free from discrimination, support and promote human rights. The actions that violate human rights are avoided. In addition, the Company realizes the importance of labor by treating employees, executives and committees fairly in accordance with labor laws and regulations related to labor.

The Company has strictly set a policy to report complaints and measures for protecting the employees who make complaints or whistleblowers to demonstrate transparency and compliance with the corporate governance principles. The whistleblowing process

will be carried out to achieve independence. The Internal Audit Department and the Audit Committee are responsible for investigating complaints as disclosed in the whistleblowing policy on the Company's website. The employees can whistleblow via electronic mail channel (whistleblower@muangthaicap.com) and by post to Muangthai Capital Public Company Limited No. 332/1 Charansanitwong Road, Bang Phlat Sub-district, Bang Phlat District, Bangkok 10700 or Tel 02-4838888.

In addition, the Company has established guidelines for evaluating performance and determining remuneration for employees, executives and the Board of Directors fairly, appropriately, and in accordance with the short and long term performance of the Company. This can be compared with the same industry as well as giving importance to the development of personnel to be knowledgeable and competent to perform work in order to drive the Company's operations towards the direction placed by the Board of Directors effectively. This includes the setting of safety policy and sanitary in the workplace as well.

However, the Company has also set a code of conduct for the use of internal information and trading in the Company's securities in order to prevent the directors, management and employees from using the internal information for their own benefits or of someone wrongfully. The guidelines and policies are communicated to everyone in the organization and follow up on a regular basis. Therefore, the Board of Directors and executives have the duty to report the holding of securities and the changes in securities holding in accordance with the criteria of the Office of the Securities and Exchange Commission. It is reported to the Board of Directors every time there is trade on securities and in the board meeting. The secretary must report a summary of the directors' securities holding to the meeting for acknowledgment every time.

Policy and guidelines for the practices towards customers

The Company performs the business operation with honesty and fairness to provides accurate information to customers and free competition according to market mechanism considering the customers' needs and satisfaction.

The Company has a business centric approach under the slogan "Intimate services like closed family members". We are responsible for the customers and maintain the confidentiality of customers including the creation of new innovations for the convenience and fast service to customers. We established the policies and guidelines for dealing

with customers focusing on the responsibility to customers covering the customer needs, customer satisfaction, and the essential rights of customers as follows.

- 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 develops, designs and offers credit products that meet customer needs taking into account the long-term financial stability.

- The Company conducts marketing promotion appropriately and does not encourage unnecessary debt.

- The Company believes that listening to the needs and satisfaction of customers is an important ladder in the Company's sustainable development. The goal in improving the loan products and services in accordance with the real needs of customers can develop communication channels with customers so that customers can comment and complain through other channels such as hotline, email, social media, applications, Whistleblower Channel, customer experience enhancements such as AI Chatbot service in Facebook Messenger.

- The Company operates the business with responsibility on the customers' rights and has a policy not to act in violation of the customer's entitled rights. For example, the right to make appropriate financial decisions means the right that customers will be able to decide to apply for a loan in their satisfied amount.

- As the Company is aware of the customer's personal information rights, the Company has set up a personal information protection policy and the security of information systems published on the Company's website as a guideline for the protection of personal information of customers, employees and business partners of the Company in accordance with the Personal Information Act announced as well.

Policy and guidelines for the practices towards 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.

- The Company has a policy to strictly adhere to the terms of contracts and obligations agreed with creditors.

- The Company has never had any dispute in regards to the default on debt settlement. The Company pays the money to the creditors in accordance with the payment terms agreed in advance.

Policy and guidelines for the practices towards 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 management on corporate governance, the risk of violating environmental and labor laws, etc., in order to contribute to sustainable business development.

Policy and guidelines for the practices towards 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.

Policy and guidelines for the practices towards communities and society

The Company is committed to being "Responsible microfinance loan provider" covering sustainability in 3 dimensions; economic dimension, social dimension, and environmental dimension.

Economic dimension: The Company sets the main goals of economic sustainability development in developing the access to funding sources and reducing the economic disparities of people. This reflects the business philosophy of the Company in the loan products, interest rates and fees, service standards

and performance indicators of the Company and Community Investment.

Social dimension: The Company has established a social sustainability development strategy focusing on the development of the community and society to be stronger and become part of the community. This starts with the development of direct stakeholders, namely personnel and customers of the Company through the Company's related policies and communities at the Company's branches located through the Company's various CSR projects.

Environmental dimension: Although the Company's business which is the financial service business does not have a direct negative impact on the environment, the Company cannot deny that the existence of the Company does not cause any impact to the environment because the company still uses natural resources. There is a consumption of energy, fuel and electric power, and so on. Thus, the Company has established a policy to use resources efficiently.

Policy and guidelines for the practices towards regulatory agencies

The Company performs the business operation under a personal loan business license and a micro loan business license under the supervision of the Bank of Thailand. Therefore, the Company is obliged to operate the business in accordance with the supervision guidelines for business operators under the license. This includes fair customer service (Market Conduct) and reporting of information to relevant regulators in a correct, transparent and timely manner.

Section 4: Disclosure and Transparency

At present, Muangthai Capital is a listed company which has market capitalization of 125,080 million baht as of 31st December, 2020. The Company's securities were included in the calculation of the SET50 Index of the Stock Exchange of Thailand MSCI Thailand Index and FTSE Mid Cap Index as well. These indexes are included in the calculation making the company gain the attention of both domestic and foreign investors. Therefore, the Company places great importance on equal disclosure to shareholders, investors and all stakeholders of the Company as well as the public to comply with the requirements of the Securities and Exchange Commission. This includes the requirements of the Stock Exchange of Thailand and other revelations strictly.

1. Information Disclosure

In the year 2020, 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 conditional 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 2020, the Company has never been supervised or accused by the regulatory 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

2.1 Investor Relations Department

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
332/1 Jaransanitwong Road, Bang Phlat, Bangkok 10700
Tel: 02-483-8888
Email: ir@muangthaicap.com
Website: investor.muangthaicap.com

2.2 Investor relations activities

In 2020, due to the Covid-19 epidemic, investor relations activities must be adjusted in line with the Social Distancing policy, including the inability to travel to and from the country to conduct the investor activities like the past year. Thus, this year's investor relations activities focus on online communication and investor meetings through the teleconference system mainly. However, due to the unusual situation, the Company has increased the analyst meeting activities by organizing a meeting after the announcement of the operating results of each quarter through the teleconference system. The main issues communicated this year were operating results and risks, especially the risks associated with the Covid-19 epidemic situation.

Summary of statistics of Investor relations activities in 2020

Investor relations activities	Amount
Opportunity Day (times)	4
Securities Analysts Meeting (times)	2
One-on-One Meeting (times)	13
Participating in conferences in the country (person)	615
Participating in conferences in foreign countries (person)	0
Visit to the establishment / auction (times)	10
Total	644

2.3 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 under various related regulations and rules.

1. 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.

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 2 audit committees 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 members including 2 independent directors and 1 non-executive director 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 reviews 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 which consist of 2 independent directors and 1 executive director 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 members including 2 independent directors and 1 non-executive director responsible for supporting the Board of Directors in 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.

1.2 Independence and Diversity Policy of the Board of directors

The Company strives to maintain the independence of the corporate governance structure to be a model of corporate governance for the Company and to create the utmost confidence to all stakeholders of the Company for being assured that the management and business operations of the company will be transparent and inspectable. The emphasis is put on the maximum efficiency. The Board of Directors consists of independent directors for more than half of the total number of directors having the chairman of the board as an independent director.

Definition and qualifications of Independent Director were defined by the Securities and Exchange Commission as follows:

1. Holding not exceeding 1 percent 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. Not being or not having been an auditor of the Company, parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company. Also, not being a significant shareholder, the controlling person or partner of the auditing firm which is affiliated with the auditors of the Company, parent company, subsidiaries, associated companies, major shareholder or controlling person of the Company. Unless they have been discharged from such characteristics for at least 2 years before the date of appointment as independent director.

6. Not being or not having been a professional service provider of any kind. This includes legal advisory or financial advisory services receiving a service fee of more than 2 million baht per year from the Company, parent company, subsidiaries, associated companies, major shareholder, or the controlling person of the Company and not being a significant shareholder, the controller or partner of such professional service provider unless they have been discharged from such

characteristics for at least 2 years before the date of appointment as independent director.

7. Not operating the business that has the same nature and is in significant competition with the business of the Company or its subsidiaries. Or not being a significant partner in a partnership or being a director who takes part in managing work, workers, employees, advisors who receive regular salary or holding more than 1% of the total number of voting shares of other companies operating businesses in the same nature and in significant competition with the business of the Company or subsidiaries.

8. Not having any other characteristics which led the independent director incapable of expressing independent opinions with regard to the Company's operations.

9. 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.

Moreover, the Company's human right policy covers all stakeholders of the Company and the Board. The value and respect are paid on human rights by treating people or any group of people with equality in which ever gender, race, religion, social status, and political attitude. Thus, the directors are not selected or discriminated on human right policy (following the remark) and consist of an appropriate number of female directors as resported in the following Independent and Diversity Assessment Report of Directors as follow.

Statement on the Independence Assessing of the Board of Directors	
Independent director as Chairman	Yes
The Chairman of the Board is not the same person as the Chairman of the Executive Committee.	Yes
Independent director as committee	5 persons (62.5%)
Non-Executive Board of Directors	6 persons (75.0%)
Female directors	3 persons (37.5%)

Remark: Human rights policy

<http://investor.muangthaicap.com/storage/sustainability/corporate-governance/20190509-mtc-human-right-policy-th.pdf>

1.3 Authorized signatory directors to bind the Company

In the year 2020, 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.

1. Adm. Apichart Pengsritong or
2. Mr. Chuchat Petaumpai or
3. Mrs. Daonapa Petampai or
4. Mr. Yodhin Anavil

1.4 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. From 2018, the Company had had 2 independent directors qualified with knowledge and experience in financial accounting.

2. 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 held the position for more than 9 years. The office term of the director is averagely 8.3 years.

Name	Position	Date of appointment as a director	Years of being a director
Adm.Apichart Pengsritong	Chairman of the Board / Chairman of the Nomination and Remuneration Committee / independent director	12 th September, 2012	8 years 3 months
Mrs. Kongkaew Piamduaytham	Director / Chairman of the Audit Committee / Corporate Governance Committee / independent director	12 th September, 2012	8 years 3 months
Mr.Suchart Suphapyak	Director / Audit Committee / Chairman of the Risk Management Committee / independent director	17 th August, 2020	4 months
Dr. Yodhin Anavil	Director / Chairman of the Corporate Governance Committee / Nomination and Remuneration Committee / independent director	12 th September, 2012	8 years 3 months
Mr. Chuchat Petaumpai	Director / Risk Management Committee / Chairman of the Executive Committee	12 th September, 2012	8 years 3 months
Mrs. Daonapa Petampai	Director / Executive Committee	12 th September, 2012	8 years 3 months
Mrs. Nongnuch Davasuwan	Director / Audit Committee / Risk Management Committee / independent director	29 th March, 2017	2 years 9 months
Dr. Seauksit Petaumpai	Director / Nomination and Remuneration Committee / Corporate Governance Committee	18 th April, 2019	1 year 8 months

3. Roles, duties and responsibilities

3.1 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 60 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). ** The details and instructions are on the Company's website.

Authority of the Company's Board of Directors in the approval and operation

1. Appoint, remove, authorize the subcommittees, 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.

3.2 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. 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.

3.3 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 including the supervision on the compliance with rules, regulations, and policies.

- 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.

- Conclusion / opinion of the Audit Committee on various aspects of the overall operation

- Consideration of proposing to appoint an auditor

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

3.4 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. Arrange for an election of directors.

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

5. Evaluate the performance of the top management of the Company to be proposed to 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 considering the appropriateness with the duties responsibility, portfolio, and compare with companies in similar businesses and the benefits expected from the directors to be proposed to the Board of Directors to consider and propose to the shareholders' meeting for approval.

3. Responsible for the Board of Directors and responsible for providing clarification, answering 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.

3.5 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.

3.6 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.

3.7 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.

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 deemed appropriate by the committee.

9. To perform any other duties assigned by the Board of Directors.

3.8 Selection and nomination of directors

1. Criteria for selecting directors

For the selection of new directors, Nomination and Remuneration Committee will consider the person who is qualified as specified in the Board of Directors' Charter. This is in accordance with the law and according to the Skill Matrix that the Company has set in line with the Company's business strategy in various areas as follows:

1. Financial industry, banking, lending, insurance
2. Accounting
3. Management and Strategies
4. Human Resource Management
5. Development of Information Technology
6. Risk management

2. Process for nomination of new directors

For the consideration of the position, the person to be nominated as director in the Company must not hold director position in listed companies for more than 5 companies in total. In case of independent director, when the Nomination and Remuneration Committee has considered completely and carefully, such person will be presented to the Board of Directors' meeting for consideration. The Board of Directors will ensure that the person nominated for appointment as a director has the qualifications suitable for the Company's business to approve the appointment as director or propose to the shareholders' meeting for further consideration.

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
Payment which is over the approved capital expenditure	-	-	Not over 15%	Not over 20%
Non-budgeted investments	-	-	Not over 20 million baht	Not over 40 million baht
Opening of new branches which is over the number stated in the board approved business plan	-	-	-	Not over 20%
Approval of petty cash disbursement over the set criteria ¹⁾	Not over 15,000 baht per time	Not over 15,000 baht per time	Approved	-
Cash advance per time ²⁾				
● Branch/Auction centre	-	Not over 70,000 baht per time	Approved	-
● Head Office	Not over 70,000 baht per time	Not over 100,000 baht per time	Approved	-
Disposal of damaged fix assets ³⁾	Not over 50,000 baht per time	Not over 50,000 baht per time	Approved	-
Account write-off (bad debts)	-	-	-	Not over 10 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.

3.9 Board of Director's meeting

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.

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, as follows:

Meetings	1 st	2 nd	3 rd	4 th	5 th	6 th
Board of Directors Meeting	18/02/20	7/05/20	23/06/20	11/08/20	17/08/20	16/11/20
Audit Committee Meeting	18/02/20	7/05/20	11/08/20	16/11/20		
Risk Management Committee Meeting	13/02/20	10/11/20				
Corporate Governance Committee Meeting	13/02/20	12/11/20				
Nomination and Remuneration Committee Meeting	27/02/20	23/12/20				
Independent director meeting	22/09/20					

3. Report on the Board meeting attendance of 2020

3.1) Board of Directors

Directors	Positions	Proportion of attendance
Adm. Apichart Pengsritong	Chairman of the Board and independent director	100%
Mr. Chuchat Petaumpai	Director	100%
Mrs. Daonapa Petaumpai	Director	83.33%
Dr. Yothin Anavil	Independent director	100%
Mrs. Kongkaew Piamduaytham	Independent director	100%
Mr. Kampol Tatiyakavee (Out of office term during the year)	Independent director	83.33%
Mrs. Nongnuch Davasuwan	Independent director	100%
Dr. Seauksit Petaumpai	Director	83.33%
Mr. Suchart Suphapyak (Be in office term during the year)	Independent director	100%

Note: Miss Monthon Onphaen is the Company's Secretary and Secretary of the Board of Directors

- 9 Board meetings were held at the end of 31st December, 2020. The proportion of attendance of the Board of Directors is 96.30%.

- Mr. Kampol Tatiyakavee has expired his term of office as a director on 17th August, 2020.

- On 17th August, 2020, the shareholders' meeting passed a resolution to appoint Mr. Suchart Suphapayak as a director.

3.2) Audit Committee

Directors	Positions	Proportion of attendance
Mrs. Kongkaew Piamduaytham	Chairman of the Audit Committee	100%
Mr. Kampol Tatiyakavee (Out of office term during the year)	Audit Committee	100%
Mrs. Nongnuch Davasuwan	Audit Committee	100%
Mr. Suchart Suphapayak (Be in office term during the year)	Audit Committee	100%

Note: Mr. Chalerm Inhom is the Secretary of the Audit Committee and the Assistant Manager of the Audit Department.

- 4 Audit Committee's meetings were held as at the end of 31st December, 2020. The proportion of attendance of the committee was 100%.

- Mr. Kampol Tatiyakavee has expired his term of office as a director on 17th August, 2020.

- On 17th August, 2020, the shareholders' meeting passed a resolution to appoint Mr. Suchart Suphapayak as a director.

- Mr. Suchart Suphapayak was appointed as the Audit Committee according to the resolution of the Board meeting No. 7/2563.

3.3) Nomination and Remuneration Committee

Directors	Positions	Proportion of attendance
Adm. Apichart Pengsritong	Chairman of the Nomination and Remuneration Committee	100%
Dr. Yothin Anavil	Nomination and Remuneration Committee	100%
Dr. Seauksit Petaumpai	Nomination and Remuneration Committee	50.00%

Note: Miss Monthon Onphaen is the Company's Secretary and Secretary of the Nomination and Remuneration Committee.

2. Nomination and Remuneration Committee's meetings were held as at the end of 31st December, 2020. The proportion of attendance of the committee was 83.33%.

3.4) Corporate Governance Committee

Directors	Positions	Proportion of attendance
Dr. Yothin Anavil	Chairman of the Corporate Governance Committee	100%
Mrs. Kongkaew Piamduaytham	Corporate Governance Committee	100%
Dr. Seauksit Petaumpai	Corporate Governance Committee	100%

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

1. Corporate Governance Committee's meeting was held as at the end of 31st December, 2020. The proportion of attendance of the committee was 100%.

3.5) Risk Management Committee

Directors	Positions	Proportion of attendance
Mr. Kampol Tatiyakavee (Out of office term during the year)	Chairman of the Risk Management Committee	100%
Mr. Chuchat Petaumpai	Risk Management Committee	100%
Mrs. Nongnuch Davasuwan	Risk Management Committee	100%
Mr. Suchart Suphapayak (Be in office term during the year)	Chairman of the Risk Management Committee	100%

Note: Miss Duangkhae Songnui is the Secretary of Risk Management Committee.

● 2 Risk Management Committee's meetings were held as at the end of 31st December, 2020. The proportion of attendance of the committee was 100%.

● Mr. Kampol Tatiyakavee completed the office term of the Board on 17th August, 2020.

● On 17th August, 2020, the shareholders' meeting passed a resolution to appoint Mr. Suchart Suphapayak as a director.

● Mr. Suchart Suphapayak was appointed as the Risk Management Committee in replacement of Mr. Kampol Tatiyakavee according to the resolution of the Board meeting No. 7/2563.

4. 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. In 2020, 1 meeting was held on 22nd September, 2020.

5. 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.

6. 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.

7. 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 96.30%.

8. 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.

9. 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. 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 2020, 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.

Report on the Positions of Director and the Chairman of the Executive Committee in other companies	
Independent directors holding the position of director in not more than other five listed companies.	
Adm. Apichart Pengsritong	3 companies
Dr. Yothin Anavil	2 companies
Mrs. Kongkaew Piamduaytham	1 companies
Mr. Suchart Suphapayak	3 companies
Mrs. Nongnuch Davasuwan	Not any

5. Assessment on the operational performance and efficiency of the Board of Directors and the top executives

5.1 Assessment on the operational performance and efficiency of the Board of Directors and directors

The Board of Directors has assigned that the Board shall have Board Self-Assessment at least once a year. The assessment is divided into 2 dimensions; 1) Assessment on the operational performance and efficiency of the Board of Directors and directors, 2) Assessment on the expertise and experiences of the directors for the directors to use as the framework in specifying the norm to examine the performance of duties. The obtained results shall be compared to the operational performance following the Board’s charter. It reflects the responsibilities in the performance of work for the real efficiency as well as improving the operation of the Board to agree with the set policies. This is also beneficial for the plan of board development efficiently. The assessment result in the 3 dimensions can be summarized as below:

1. Assessment on the operational performance and efficiency of the Board of Directors and directors

The Self-Assessment of the Boards is held annually divided into 1) Self-Assessment of the Boards, 2) Self-Assessment of the Committees of the Board, and 3) Self-Assessment individual directors of the Board and of the Committee. The self-assessment form will be sent 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 Board of Directors will approve and review the evaluation form to verify its accuracy and completeness. Then, the performance assessment form will be submitted to the Company's Secretary. The Secretary will collect a summary of the assessment and submit it to the Nomination and Remuneration Committee's meeting before reporting the assessment results and recommendations received from the evaluation to the Board of Directors to acknowledge and discuss for the improvement on the effectiveness of the Board's operation in the year.

The evaluation criteria can be summarized as follows:

1. Self-Assessment of the Boards and committees consists of 6 topics including the structure and qualifications of the Board, roles, duties and responsibilities of the Board, the Board's meetings, performance of duties of the directors, relationship with the management and directors' self development and management development.

2. Self-Assessment individual directors of the Board consists of 4 topics including the responsibilities for one's own decisions and actions, efficient performance of duties, equal treatment of stakeholders, fairness and transparency in examinable operations, information disclosure and ethics / business ethics.

The topics of the assessment include Director's structure and qualifications, meeting attendance, fulfillment of roles, duties, and responsibilities under the charter, result of duty compliance, relationship and communication with the management, and self-development of directors. The assessment results in 2020 can be shown as follows.

Report on the assessment of operational performance and efficiency of the Board of Directors	
Board meeting attendance ratio	
Limit the ratio of board attendance	75%
Number of independent directors serving in other companies for more than 5 companies	-
Limit the number of companies to independent directors	5 companies
Number of directors who have served more than 9 years	-
Annual self-assessment of the performance of the Board of Directors	
Board of Directors	98.13
Individual Directors	99.15
Sub-committee	
Audit Committee	98.33
Risk Management Committee	99.54
Corporate Governance Committee	98.15
Nomination and Remuneration Committee	98.33

2. Assessment on the expertise and experiences of the Board of Directors

For the approaches in nominating and selecting directors appropriate and in line with the Bank’s strategy and business operations, the Nomination and Remuneration Committee has considered and determined the required qualifications in the committee, namely, knowledgeable directors with macroeconomical management expertise or experiences, directors with expertise or experiences in finance and accounting, and knowledgeable directors with expertise or experiences in other areas beneficial for the sustainable development of the Company. Therefore, the Nomination and Remuneration Committee reviews the Board Skill

Matrix at least once a year to consider the development plan for the directors suitable and in line with the direction of the Company’s operation.

In 2020, the results of assessment on the expertise and experiences of the Board of Directors showed that the Company’s Board of Directors had knowledge, expertise or experiences appropriate and consistent with the Company’s operating direction. At present, however, the Company can improve the knowledge, expertise, or experiences of the Board of Directors by seeking an external consultant with expertise in the development of information technology for the Company’s sustainable development.

Report on the assessment of expertise and experiences of the Board of Directors	
Financial industry, banking, lending, insurance	33.00%
Accounting	50.00%
Management and strategies	100.00%
Human resource management	67.00%
Information technology development	17.00%
Risk management	33.00%

5.2 Assessment on the operational performance of the top management

The assessment on the operational performance of the Chief Executive Officer is under the responsibility of the Nomination and Remuneration Committee to consider and propose to the Board of Directors for approval. The assessment is held annually.

6. 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 plan 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.

7. 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.

7.1 Director remuneration

Financial remuneration

The shareholder's meeting of 2020 on 17th August, 2020 had the resolution to determine the director remuneration for the year 2020 as follows:

Director remuneration	2020
Board of Directors (Monthly remuneration)	
CEO	40,000.-
Directors	35,000.-
Committee remuneration	
Audit Committee (meeting allowance / time)	
Chairman	27,500.-
Committee	20,000.-
Nomination and Remuneration Committee (meeting allowance / time)	
Chairman	25,000.-
Committee	20,000.-
Corporate Governance Committee (meeting allowance / time)	
Chairman	25,000.-
Committee	20,000.-

Director remuneration	2020 (Monthly remuneration)
Risk Management Committee (meeting allowance / time)	
Chairman	25,000.-
Committee	20,000.-
**Annual bonus For the operational performance of 2019 to be paid in 2020	
CEO	700,000 baht
Director	for 500,000 baht each
Other benefits	Not any

Note: **Annual bonus was paid equaling to the previous year.

In 2020 and 2019, the Company paid the meeting allowance to the Board of Directors for 8 members as detailed below:

Directors	2020	2019
Adm. Apichart Pengsritong	710,000	545,000
Dr. Yothin Anavil	575,000	430,000
Mrs. Kongkaew Piamduaytham	682,500	365,000
Mr. Kampol Tatiyakavee*	405,000	635,000
Mrs. Nongnuch Davasuwan	660,000	585,000
Mr. Chuchat Petaumpai	525,000	430,000
Mr. Chuchat Petaumpai	425,000	290,000
Dr. Seauksit Petaumpai	495,000	310,000
Mr. Suchart Suphapayak**	245,000	-

* Mr. Kampol Tatiyakavee Out of office term during the year (Complete office term)

** Mr. Suchart Suphapayak Be in office term during the year (replacing Mr. Kampol Tatiyakavee)

7.2 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 2020, the Company paid the remuneration to the executives (13 executives) for 47.98 million baht (in 2019: 46.10 million baht). This remuneration includes salary, position allowance, bonus, per diem, social security fund contribution and provident fund contribution.

Executives	2020	2019
13 members of Board of Directors	47.98	46.10
Average remuneration for female directors	1.78	1.24
Average remuneration for male directors	2.91	2.35

8. Management Shareholding

The Company does not set the management shareholding of the Company. The Company reported the changes in the shareholding of directors and executives of the Company in 2020 to the Securities and Exchange Commission and disclosed in the annual report.

9. Directors and Management Development

9.1 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.

9.2 Director and Management'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.

The 8 directors of the Company who attended the training programs of director performance were as follows:

Directors	Training program with IOD
Adm. Apichart Pengsritong	<ul style="list-style-type: none"> ● Directors Accreditation Program (DAP), Batch 82/2010 ● Risk Management Program for Corporate Leaders (RCL 5/2016)
Dr. Yothin Anavil	<ul style="list-style-type: none"> ● Directors Accreditation Program (DAP), Batch 60/2006 ● Directors Certification Program (DCP), Batch 101/2008 ● Audit Committee Program (ACP), Batch 24/2008 ● Charter Director Class (CDC), Batch 3/2008 ● Role of The Compensation Committee (RCC), Batch 7/2008 ● Financial Statements Demystified for Directors (FDD), Batch 1/2009
Mrs. Kongkaew Piamduaytham	<ul style="list-style-type: none"> ● Directors Certification Program (DCP), Batch 157/2012 ● Advanced Audit Committee Program (AACP), Batch 13/2013 ● Role of Nomination and Governance Committee (RNG), Batch 7/2015
Mr. Suchart Suphapayak	<ul style="list-style-type: none"> ● Directors Certification Program (DCP), Batch 72/2007 ● Audit Committee Program (ACP), Batch 14/2007 ● Director Diploma Examination Batch 20/2007
Mr. Chuchat Petaumpai	<ul style="list-style-type: none"> ● Directors Accreditation Program (DAP), Batch SET/2012 ● Risk Management Program for Corporate Leaders (RCL 5/2016)
Mrs. Daonapa Petaumpai	<ul style="list-style-type: none"> ● Directors Accreditation Program (DAP), Batch SET/2012
Mrs. Nongnuch Davasuwan	<ul style="list-style-type: none"> ● Directors Accreditation Program (DAP), Batch 137/2017 ● Advance Audit Committee Program (AACP), Batch 26/2017 ● Risk Management Program for Corporate Leasers (RCL), Batch 13/2018
Dr. Seauksit Petaumpai	<ul style="list-style-type: none"> ● Directors Certification Program (DCP), Batch 277/2019 ● Corporate Governance for Capital Market Intermediaries (CGI), Batch 22/2019

The Company realizes the importance of knowledge development for the Company's personnel in all departments by setting up a work plan for organizing training to increase knowledge and capability in various courses consistent with each department regularly. This includes internal training and on-site training.

10. Executive Committee

As of 31 December 2020, the Company has 13 executive directors as follow.

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

Chief Financaill Officer (CFO) : Mr. Surat Chayavoradech

Accounting Controller : Vimonrat Nujul

11. Company Secretary

The Board of Director had the resolution to appoint Miss 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.

Duties and responsibilities

Duties

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. Support the management of the Company in accordance with the principles of good corporate governance.

5. Perform other actions as specified by the Capital Market Supervisory Board

6. Send a copy of the report of stakeholding under Section 89/14 to the CEO and the Chairman of the Audit Committee to acknowledge within 7 business days from the date of receiving the report.

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

- Directors register
- Notices of meetings and meeting minute reports of the Board
- Notices of meetings and meeting minute reports of shareholders
- Annual reports
- The Board’s conflict of interest reports

Responsibilities

The Company Secretary must perform duties responsibly with caution and honesty as well as having to perform duties in accordance with the law, objectives, regulations of the Company, Board’s resolution, and the resolution of the shareholders’ meeting using the criteria for corporate directors Section 89/23 of the Securities and Exchange Act (No. 4) B.E. 2551.

In the event that the Company Secretary vacates office or is unable to perform duties, the Board of Directors shall appoint a new secretary within 90 days from the time the former secretary vacates office or is unable to perform duties. Besides, the Board of Directors has the power to delegate the Company’s directors to perform their duties for the said period.

The Company Secretary has to prepare the written minutes of the meeting and keep the minutes of the meeting certified by the Board of Directors. Each director receives a meeting report at least 7 days prior to approval.

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

- Company Secretary Program (CSP), Batch 50/2013
- Effective Minute Taking (EMT), Batch 26/2013
- Anti-Corruption: The Practical Guide (ACPG), Batch 43/2018
- ASEAN CG Scorecard Coaching 2020, Batch 4/2020

12. Number of Employees

As of 31 December 2020, the Company and subsidiaries have total employees of 10,315 people (exclude executive of 13 people). Details of head of core functions/departments as follows.

Department	Number of Employees (person)		
	Head Office	Branch	Total
1. Branch Department	12	263	275
2. Credit Analysis Department	-	8,527	8,527
3. Collection Department	3	206	209
4. Accounting Department	24	745	769
5. Financial Department	14	111	125
6. IT Department	20	-	20
7. Legal Department	4	-	4
8. Administration Department	29	-	29

Department	Number of Employees (person)		
	Head Office	Branch	Total
9. Human Resrouce Department	8	-	8
10. Internal Audit Department	66	-	66
11. Purchase Department	7	-	7
12. Secretary Department	3	-	3
13. Auction Centers	-	18	18
14. Maids	3	252	255
Total	193	10,122	10,315

13. Accounting controller, internal audit, investor relations of the Company

Accounting controller	Miss Vimonrat Nujul
Internal auditor	Mr. Chalerm Inhom
Investor relations	Mr. Kitsada Kuruchitkosol

The details of accounting controller, internal auditor, and investor relations are provided in Attachment No. 3.

14. Auditor and remuneration for auditor

The annual general shareholders' meeting year 2020 has approved the remuneration of auditor for 2020 at 4,000,000 baht (excluding other costs) which included the audit fee and the review for the Company's and its subsidiary's interim financial statements and their consolidated statements as follows:

● Muangthai Capital Public Company Limited in the amount of	3,640,000 baht
● Muangthai Leasing Insurance Broker Company Limited in the amount of	180,000 baht
● Muangthai Leasing Company Limited in the amount of	180,000 baht
● Total amount	4,000,000 baht

15. Internal control and risk management

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 as internal control system and risk management in accordance with the framework of international control system of international standards of COSO-ERM. This can be divided into 5 components; (1) Control Environment, (2) Risk Assessment, (3) Control Activities, (4) Information & Communication, and (5) Monitoring Activities. The details are as mentioned in the topic of "Internal control and transactions".

Report on the conformity to the Corporate Governance Code of Conduct for the year 2020

To Shareholders

The Audit Committee of the Company was appointed by the Board of Directors consisting of 3 independent directors who are qualified persons in accordance with the criteria specified in the Notification of the Stock Exchange of Thailand and the Securities and Exchange Commission named as below:

1. Mrs. Kongkaew Piamduaytham Chairman of the Audit Committee/ Independent director
2. Mr. Suchart Supaphayak Audit Committee/ Independent director
3. Mrs. Nongnuch Davasuwan Audit Committee/ Independent director

In 2020, the total of 4 Audit Committee's meetings was held to perform duties within the scope of responsibility as specified in the Audit Committee Charter. All members of the Audit Committee attended all meetings. There was one meeting agenda with the auditors without the management's attendance to acknowledge the problems found during the audit and the issues deemed important by the auditors. This could promote the good corporate governance and increase the transparency of financial reports for the Company. The meeting reports were summarized to the Board of Directors every quarter. The operational performance can be summarized as follows:

1. Revision on financial reports

The Audit Committee reviewed the quarterly financial statements, annual financial statements, and consolidated financial statements for the transactions possibly having conflicts of interest. This is to ensure that the Company's financial reports are prepared in accordance with the Financial Reporting Standards. The preparation of the Company's financial statements is accurate and reliable with sufficient and timely disclosure of important information is made available to users of the financial statements. It complies with laws, notices, and related regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). In addition, the Audit Committee also discussed with the auditors and management about the readiness of the Company in preparing the financial report in accordance with Financial Reporting Standard No. 9 (TFRS 9) on Financial Instruments and No. 16 (TFRS 16) on the Lease Agreement effective in 2020.

2. Revision on internal control system and internal audit system

The Audit Committee has reviewed the Internal Audit Department's annual audit plan for the year 2019 and followed up on its performance on a quarterly basis by considering important risk issues and providing advice including useful comments to ensure that the internal control process can prevent or reduce errors in the work. This includes the consideration in the suitability and sufficiency of human resources, the independence of the internal audit department, and the assessment on the audit performance of the management of the audit department. The Audit Committee has the opinion that the internal control system and internal audit of the Company is appropriate, sufficient, effective, and has continual development. Besides, the internal audit department has performed the duties independently, transparently, and fairly.

3. Revision on the compliance with law

The Audit Committee has reviewed the Company's operational performance and saw that the Company has complied with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand, and laws or other requirements related to the Company's business. This includes the Company's anti-corruption policy and changes in the rules that affect the Company's business operations.

4. Consideration on the connected transactions or transactions possibly leading to the conflicts of interest

The Audit Committee has reviewed the connected transactions or transactions possibly having the conflicts of interest of the Company based on justice, reasonability, transparency and taking into account the interests of all stakeholders. There is also adequate information disclosure. The Company has complied with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.

5. Consideration on the selection to appoint the auditors and the auditor's remuneration

The Audit Committee considers the selection of the auditors and their remuneration for the year 2020 to propose to the Board by considering the

performance, independence, competence, experience and appropriateness of the auditor's remuneration for the past year. This is in accordance with the guidelines for listed companies of the Securities and Exchange Commission to rotate the auditors who are signed when performing duties for 7 fiscal years. There must be spacing of 5 fiscal years which will be effective on 1st January, 2019. For maintaining the independence of external auditors according to the Best Practice, the Audit Committee has selected the auditors from KPMG Phoomchai Audit Company Limited as the Company's auditors with the list of auditors as follows:

1. Mr. Chanchai Sakulkerdsin, Certified Public Accountant, Registration No. 6827 and/or
2. Mr. Chokchai Ngamwutthikul, Certified Public Accountant, Registration No. 9728 and/or
3. Ms. Sureerat Thongarunsaeng, Certified Public Accountant, Registration No. 4409 and/or
4. Ms. Orawan Chunhakipaisan, Certified Public Accountant, Registration No. 6105

6. Revision on the Audit Committee's Charter

The Audit Committee has reviewed the Audit Committee's Charter to ensure that the Audit Committee's operations are efficient and up-to-date. The Audit Committee has performed the duties prudently and independently with good cooperation from the Company's management. This is for maximizing the benefits of the Company and fair to the shareholders and the stakeholders. The Audit Committee has performed their own performance assessment for the year 2020 to ensure that their performance is effective and achieves the assigned objectives.

Internal control policy

The Company realizes the importance of having a good internal control system by providing an internal audit department to perform the duties independently. They have to directly report to the Audit Committee and the management (Dual Reporting Approach) to ensure that the Company has an adequate internal control system. The Company has established an internal control and risk management system in accordance with the internal control framework according to the COSO-ERM international standard which can be divided into the following 5 components:

1. Control Environment

The Company defines the organizational

structure to be transparent and examinable with the establishment of the Audit Committee and the Internal Audit Department to work independently. Having independent directors in sufficient and appropriate proportions, the Company determines that all processes of operation of the Company must be transparent and systematic. The internal control must be suitable, sufficient, efficient, and effective under the supervision of corporate governance and code of ethics in business operation. The operational authorization must be determined clearly with the balance of power, mutual verification, and auditability. The Company has arranged an external auditor from the leading global organization which is reliable. In 2020, the Company has the resolution to approve the rotation of external auditors from the 2020 Annual General Meeting of Shareholders on 17th August, 2020. This is in line with the practices for listed companies of the Securities and Exchange Commission in rotating the auditors who have signed on their duties for the past 7 fiscal years. There must be a spacing of 5 fiscal years which will be effective from 1st January, 2019, to maintain the independence of the auditors.

2. Risk Assessment

The Company pays attention to risk management and preparation for the situation under changes from internal and external factors possibly affecting the operations. There is a risk management unit responsible for continuous monitoring and evaluation.

The Company has established a risk management committee with the risk management department and law to make the Dual Reporting Approach quarterly. The Risk Management Department and the Legal Department provide an assessment on the risk factors, opportunities and the impact of the incidents possibly affecting the achievement of the objectives and the goals of the Company. This includes defining strategies and practices to manage, reduce, limit or eliminate risks as revealed in the "Risk management" topic.

3. Control Activities

The Company has established control activities at all levels and in all departments of the organization such as policies, regulations, procedures for approval, determination of power, verification and revision as well as allowing all executives to review and improve control activities for increasing the efficiency and effectiveness in the prevention or reduction of damage

which may hinder the achievement following the Company's objectives and goals. The operational guidelines are established in consistence with and in accordance with the Company's policy framework, guidelines and strategic directions as follows:

1. The policies, procedures, and operation manual are established in writing.
2. The management, monitoring and supervision of operations are in accordance with the plans, rules, regulations and various operating manuals to perform the work according to laws and external regulations.
3. There is clearly segregation of duties and authorizing authority that can be traced effectively.
4. There is a policy to make Related Parties Transaction which takes into account the best interests of the Company as a matter of consideration on the transactions made at Arms' Length Basis.
5. There is a Key Performance Indicator (KPI) linked to the Company's goals.
6. The Company's assets are cared and protected from being used for personal gain.
7. There is an appropriate and effective information technology control system.
8. The employees are provided with knowledge and training on internal control continuously.

4. Information & Communication

In order to achieve appropriate, adequate, and effective internal control, the Company promotes, supports and invests in the development of information technology systems and information security as well as formulating an information and information security policy to provide various information unlimited to just financial information to be accurate, timely and reliable. Thus, the Company's information technology system is efficient and has adequate data security including the data collection process, data processing, data storage, and data recovery. The Board of Directors, the Executive and the Operation Department can use the information in making decisions and can perform the operation.

The Company has provided the auditors on the information system and information security from the world's leading trusted organization along with reporting to the Audit Committee and the executives every quarter.

The Company pays attention to the information system security. It has been carried out in conjunction with a plan by an external agency to assess the risks of Cyber Security and to measure the level of

readiness of the organization in response to new threats. The Corporate IT Policy is improved to strengthen and respond to changes adequately. Besides, the assessment on the acquisition and the development process are adjusted to be more flexible in order to apply potential digital technologies to keep pace with business needs. The technology that is highly flexible is applied in the operations.

The Company provides an intranet system and platform such as the MTC University platform and the MTC Forum platform to be used as a communication channel in the Company for disseminating policies, regulations, instructions and operational guidelines including various news efficiently, thoroughly, and in a timely manner. The safety control is regulated by assigning rights in accessing the information in different systems according to the principle of division on the functions and use. There are communication channels in the organization which are effective such as sending e-mails, public relations through various activities as well as having meetings together to create coordination and can work effectively.

Since 2019, the Company has established a policy to protect personal information to ensure transparency and fairness to stakeholders with more concise information system.

5. Monitoring Activities

The Company has established a monitoring and evaluation process to ensure that the internal control is performed regularly and the internal control system is sufficient, appropriate and efficient in consistence with the changes of the environment. The monitoring process consists of:

- The evaluation by KPI is the evaluation on the operational performance by the executives, department heads and employees. This includes holding the meeting of the management to monitor the operational performance in accordance with the goals regularly. The internal audit department and legal compliance are comprised of:

1. Internal Audit Department is responsible for performing the audit duties and assessing the effectiveness, efficiency, sufficiency of the internal control system and the results of operations to comply with the rules and standards of the organization. The focus is Risk Based Audit. The suggestions are given for the improvement of processes and for monitoring to ensure that the problems are corrected appropriately and in a timely manner.

2. The Corporate Compliance Unit is responsible for inspecting the operational performance in accordance with the law and external requirements by reporting the results of the audit and monitoring to the management and the Audit Committee regularly.

Internal audit

1. Internal Audit Department

The Company's Internal Audit Department performs the duties independently having the person to be responsible for the internal audit to report directly to the Audit Committee and the executives (Dual Report). At present, Mr. Chalerm Inhom is the Assistant Manager of Audit Department and the Secretary of the Audit Committee having over 20 years of experience in internal audit related to the Company's business.

2. Performance of the Internal Audit Department

2.1 Annual internal audit plan

The Internal Audit Department conducts the annual internal audit plan based on the risk assessment results of the Risk Management Department and the law (Risk Based Basis) to be presented to the Board of Directors to check and approve the plan. The plan may be revised during the year if there are significant new risks.

2.2 Audit process

The Internal Audit Department performs the internal audit in accordance with internal audit standards and the ethics of the auditors. The scope of audit covers the performance of the Company's branch offices nationwide and the Company's subsidiaries.

2.3 Presentation of the audit reports and monitoring of results

The Internal Audit Department is responsible for reporting the internal audit and review of internal control systems to the responsible persons of the audited agencies and follow up the revision results and then reports to the management on a monthly basis and reports to the Audit Committee on a quarterly basis.

3. Personnel development of the Internal Audit Department

3.1 Training on the personnel development in knowledge and internal audit standards

In 2020, the Head of Internal Audit Department has ordered 15 internal audit staffs to be trained on the programs related to internal audit standards and ethics of the internal auditors.

3.2 Number of internal audit staffs

As the Company has the business growth and expansion of 777 branches in 2020, the Company has a total of 4,884 branches by the end of 2020 spread over the country. The Internal Audit Department is required to have the number of employees sufficient for performing the internal audit with the scope to cover the operations of the branch offices to ensure that the Company's internal control system is still appropriate, adequate and efficient. Therefore, at the end of 2020, the Internal Audit Department has a total of 66 staffs. This number is deemed appropriate and sufficient by the Audit Committee and the management.

4. Control and improvement of audit quality

In 2019, the Board of Directors had the resolution to appoint the outsource consultant, Dharmniti Public Company Limited, the leading professional body in law, accounting, taxation, auditing, and internal audit for assessing the quality of the Company's internal audit work. This should be performed every five years in accordance with the guidelines for complying with the mandatory elements of the internal audit framework to practice international internal auditing. The objectives of the plan of this year are:

1. To enhance knowledge and understanding in planning the details of the revision of work flow chart preparation, control points and risk assessment important for the Audit Program, the audit performance, reporting, closing the audit, and system for monitoring the recommendations according to the internal audit standards.

2. To develop knowledge, skills, and competencies of the employees who are assigned by the Company with the mission to perform the duties of the internal audit through workshop training in planning the details, reviewing the preparation of work flow chart, control points, risk assessment, preparation of Audit Program, performance, audit, reporting, closing the audit and monitoring system.

3. The Company’s internal auditors perform the operation in accordance with the International Professional Practices Framework (IPPF). However, as of 31st December, 2020, the Company is still in the second phase of the quality assessment program of the work internal audit in the first phase. The work plan for the second phase assessment will start by 2020 and the results will be reported in the 2021 Sustainability Report.

5. Adding value to the Company

In any operation or evaluation requiring the independence, fairness and honesty, the internal audit function will be entrusted by the Board and the management to be an intermediary in their performance. The Board and the management have confidence in the code of ethics of the persons performing the duties of internal audit. Such performance or evaluation may not be directly related to the responsibilities of the Internal Audit Department such as being an intermediary in the employee’s satisfaction assessment or employee interviews before leaving, helping to investigate and find the facts in case of dishonest employees, etc.

Cross transaction

Regarding the details of connected transactions in 2020 and 2019, the Company has made some transactions with some persons possibly causing conflicts with the details of transaction as follows:

Persons possibly causing conflicts	Nature of relationship	Nature of transaction	Value of transactions as of 31 st December, 2020 (million baht)	Value of transactions as of 31 st December, 2019 (million baht)	Necessity and reasonableness of the transaction
Mr. Chuchat Petaumpai	Being in the position of President of the Board and being the major shareholder of the Company holding the share in the amount of 33.49% of the total issued shares as of 31 st December, 2020. ● Being the spouse of Mrs. Daonapa Petaumpai (combined with the shareholding of the spouse in the Company for 1,430,056,400 shares calculated as 67.45% of the total issued shares as of 31 st December, 2020).	Office rent	2.54	2.54	The Company rents a total of 8 commercial buildings and warehouses from Mr. Chuchat Petaumpai to be used as the Company’s branches and car auction centers. The rental fee is based on the fair rent assessed by American Appraisal (Thailand) Company Limited, an independent appraiser approved by the Securities and Exchange Commission.

Persons possibly causing conflicts	Nature of relationship	Nature of transaction	Value of transactions as of 31 st December, 2020 (million baht)	Value of transactions as of 31 st December, 2019 (million baht)	Necessity and reasonableness of the transaction
Mrs. Daonapa Petaumpai	<p>Being in the position of Managing Director and being the major shareholder of the Company holding the share in the amount of 33.96% of the total issued shares as of 31st December, 2020.</p> <ul style="list-style-type: none"> ● Being the spouse of Mr. Chuchat Petaumpai (combined with the shareholding of the spouse in the Company for 1,430,056,400 shares calculated as 67.45% of the total issued shares as of 31st December, 2020). 	Office rent	4.05	4.05	<p>The Company rents a total of 7 commercial buildings from Mrs. Daonapa Petaumpai to be used as the Head Office, branches, and places for storing the properties. The rental fee of the building used as the Head Office and branches is based on the fair rent assessed by American Appraisal (Thailand) Company Limited, an independent appraiser approved by the Securities and Exchange Commission. The rental fee of the building used as the places for storing the Company's documents is at the same rate of the Company renting the building in the neighboring area from the third parties.</p>
Mr. Wasin Detchkitwikrom	<p>Being the major shareholder of the Company holding the share in the amount of 0.21 of the total issued shares as of 19th November, 2020,</p>	Agent's commission	2.22	2.06	<p>The Company pays the Agent's commission to Mr. Wasin Detchkitwikrom by considering the number of contracts that grant credit each month at the rate as determined by the Company which is the normal business operation of the Company.</p>

Persons possibly causing conflicts	Nature of relationship	Nature of transaction	Value of transactions as of 31 st December, 2020 (million baht)	Value of transactions as of 31 st December, 2019 (million baht)	Necessity and reasonableness of the transaction
Mr. Wasin Detchkitwikrom	and being the brother of Mrs. Daonapa Petaumpai who is in the position of Managing Director				This is to serve as a channel for providing services to the Company's customers. The commission rate paid to Mr. Wasin is appropriate since it is the same rate as the Company pays to other agents. The Company has no policy to accept additional agents in the future.
Miss Wimonrat Nujul	Being in the position of the Board of Directors' member and the Accounting Manager	Guarantee for the hire purchase contract Contract credit limit Balance	- -	20.57 1.85	Miss Wimonrat Nujul has secured a personal guarantee for the car leasing contract with the Company. It is made with the leasing company without any compensation for the guarantee of the hire purchase contract from the Company.
Management ● Mr. Banyat Ninsiri ● Mr. Niyom Rodnoi	● Mr. Banyat Ninsiri is the Board of Directors' member and the Assistant Manager of Surat Thani Branch ● Mr. Niyom Rodnoi is the Board of Directors' member and the Assistant Manager of Nakhon Pathom Branch	Loan receivables Balance brought at the beginning of the period Additional loan during the period Repayment during the period Balance at the end of the period Interest	(thousand baht) 18 200 180 38 3.2	(thousand baht) 50 200 232 18 4.6	It is the benefit provided by the Company to all employees with various conditions that the management receive as same as all employees. The Company charges the interest rate of 8.00% per year.

Comments of the Audit Committee

The Board's resolution No. 1/2021 dated 16 February, 2021, with the Audit Committee who are independent directors to attend the meeting commented that the inter-transaction is necessary in general business operation. The conditions of transactions are subject to market price, contract price, and agreed price which is reasonable and in accordance with the general business operation.

Anti-corruption

The Company pays attention to all forms of corruption by raising awareness among executives and employees of the Company at all levels to be aware of the impacts of corruption and create correct values for executives, employees and all stakeholders.

1. Anti-Corruption Policy and Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)

Apart from the operation on corruption under the code of ethics and morality, Muangthai Capital still adheres to the policy and practices in anti-corruption. The Company is currently certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) from 18th October, 2019, this is a very important development in confirming the Company's commitment and intent to conduct business under good governance principles and pay attention to the prevention and anti-corruption of all kinds as a guideline for sustainable success. The anti-corruption policy of the Company has been disclosed on the Company's website to communicate to employees, business partners and all stakeholders for being aware of and act accordingly. If the policy and practice guidelines are violated, the Company will take disciplinary action according to the policy.

2. Channels for complaint and whistleblowing

The Company has set the Whistleblower Policy and clearly disclosed including disclosing the Whistleblower Channels on the Company's website page in the section of "Contact Us" for the employees and stakeholders of the Company to generally know. Apart from setting a channel for complaint and whistleblowing, the mentioned policy also establishes the guidelines for the protection of whistleblowers.

The whistleblowers can report complaints or clues by clearly stating as confidential document through the following channels

Contact: Chairman of the Audit Committee
Address: Muangthai Capital Public Company Limited No. 332/1 Charansanitwong Road, Bang Phlat, Bang Phlat, Bangkok 10700
Tel: 02-4838888
Email: whistleblower@muangthaicap.com

3. Training on the operations to be in accordance with the anti-corruption policy and practices

The Company has arranged for employees and executives to participate in training and understanding about the anti-corruption policy and practices which is a compulsory training in the employee orientation training.

**Muangthai Capital Public Company Limited
and its Subsidiaries**

Financial statements for the year ended

31 December 2020 and Independent Auditor's Report

Independent Auditor’s Report

To the shareholders of **Muangthai Capital Public Company Limited**

Opinion

I have audited the consolidated and separate financial statements of Muangthai Capital Public Company Limited and its subsidiaries (the “Group”) and of Muangthai Capital Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of expected credit loss on loan receivables

Refer to Note 4 (j), 8, and 24 to the consolidated and separate financial statements.

The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2020, the Group and the Company have loan receivables amounted to Baht 70,607.27 million against which allowances for expected credit losses (“ECL”) are Baht 1,325.89 million and represent 89.7% of total assets.</p>	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> ● understanding the loans granting and repayment and monitoring processes including the policies and consideration of allowance for ECL;

Measurement of expected credit loss on loan receivables

Refer to Note 4 (j), 8, and 24 to the consolidated and separate financial statements.

The key audit matter

Management's estimation of the expected credit loss on loan receivables measured at amortised cost is based on credit models which are dependent on significant management judgements and estimates including establishment of the criteria for determining whether credit risk has increased significantly since initial recognition, development of models used to measure ECL, determination of the forward-looking macroeconomic variables and probability-weighted scenarios into the measurement of ECL and consideration for management overlay.

The loans receivables balance is material and the measurement of expected credit loss involved complex calculation as well as management judgment, I therefore considered this to be key audit matter.

How the matter was addressed in the audit

- considering whether the Group's and the Company's accounting policies and model documentation have been set up in accordance with the requirements of TFRS 9;
- evaluating the design and implementation and operating effectiveness of key controls surrounding the credit and allowance for ECL process;
- involving KPMG credit risk specialists to inspect model documentation and methodologies in order to evaluate the appropriateness of criteria in determination of significant increase in credit risk, staging, determination of the forward-looking macroeconomic variables and probability-weighted scenarios into the measurement of ECL as well as testing the model validation report performed by expert engaged by the management;
- testing the use of a significant increase in credit risk and staging and evaluating the appropriateness of the key management methodology in identification and estimation of management overlay;
- testing the mathematical accuracy of the ECL calculation on loan receivables; and
- considering the adequacy of disclosures of the financial statements.

Other Matter

The consolidated and separate financial statements of the Group and the Company for the year ended 31 December 2019 were audited by another auditor who expressed an unmodified opinion on those statements on 18 February 2020.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and the Company'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 consolidated and separate 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

(Orawan Chunchakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2021

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
		<i>(in Baht)</i>			
Current assets					
Cash and cash equivalents	7	1,378,094,187	783,172,078	1,083,708,557	743,186,155
Current portion of loan receivables	8	39,345,736,617	34,902,345,203	39,345,736,617	34,902,345,203
Current portion of hire purchase receivables	9	126,428,691	26,999,843	-	-
Other receivables - related parties	6	-	-	167,497,144	46,659,330
Short-term loans		84,998,574	74,547,681	84,998,574	74,547,681
Short-term loans - related parties	6	37,500	18,000	37,500	40,018,000
Other current assets		139,715,825	135,131,138	123,176,820	128,756,672
Total current assets		41,075,011,394	35,922,213,943	40,805,155,212	35,935,513,041
Non-current assets					
Restricted bank deposits	7	11,000,000	10,000,000	-	-
Loan receivables	8	29,935,649,480	23,636,439,632	29,935,649,480	23,636,439,632
Hire purchase receivables	9	232,410,293	56,945,741	-	-
Investments in subsidiaries	10	-	-	502,000,000	22,000,000
Land, buildings and equipment	11	1,928,494,906	1,778,311,636	1,928,477,824	1,778,289,248
Right-of-use assets	6, 12	3,564,068,899	-	3,564,068,899	-
Intangible assets		24,817,264	25,822,823	24,784,992	25,780,586
Deferred tax assets	21	296,736,949	300,213,267	296,370,104	300,043,039
Other non-current assets		153,688,688	141,655,178	153,688,688	141,655,178
Total non-current assets		36,146,866,479	25,949,388,277	36,405,039,987	25,904,207,683
Total assets		77,221,877,873	61,871,602,220	77,210,195,199	61,839,720,724

Muangthai Capital Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
		<i>(in Baht)</i>			
Current liabilities					
Short-term borrowings from financial institutions	13	2,396,526,081	1,897,232,693	2,396,526,081	1,897,232,693
Derivative liabilities		6,473,534	14,403,957	6,473,534	14,403,957
Other payables	14	1,074,552,902	890,730,642	1,051,066,613	876,724,799
Current portion of long-term borrowings					
financial institutions	15	3,959,328,592	4,038,162,484	3,959,328,592	4,038,162,484
Current portion of debentures	16	12,886,771,659	8,733,878,049	12,886,771,659	8,733,878,049
Current portion of lease liabilities (2019: Current portion of finance lease liabilities)	6, 12	838,091,289	19,240,871	838,091,289	19,240,871
Current income tax payable		699,762,410	607,158,253	695,868,518	605,724,763
Other current liabilities	6	88,560,003	111,120,906	135,089,360	135,934,370
Total current liabilities		21,950,066,470	16,311,927,855	21,969,215,646	16,321,301,986
Non-current liabilities					
Long-term borrowings from financial institutions	15	6,166,052,804	2,993,495,726	6,166,052,804	2,993,495,726
Debentures	16	25,566,069,462	26,473,470,400	25,566,069,462	26,473,470,400
Lease liabilities (2019: Finance lease liabilities)	6, 12	2,724,457,114	27,100,573	2,724,457,114	27,100,573
Provisions for employee benefits	17	133,098,358	93,893,858	133,098,358	93,893,858
Total non-current liabilities		34,589,677,738	29,587,960,557	34,589,677,738	29,587,960,557
Total liabilities		56,539,744,208	45,899,888,412	56,558,893,384	45,909,262,543

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

Muangthai Capital Public Company Limited and its subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Equity					
Share capital:					
Authorised share capital					
<i>(2,120,000,000 ordinary shares, par value at Baht 1 per share)</i>		2,120,000,000	2,120,000,000	2,120,000,000	2,120,000,000
Issued and paid-up share capital					
<i>(2,120,000,000 ordinary shares, par value at Baht 1 per share)</i>		2,120,000,000	2,120,000,000	2,120,000,000	2,120,000,000
Share premium on ordinary shares		2,379,843,362	2,379,843,362	2,379,843,362	2,379,843,362
Retained earnings					
Appropriated					
Legal reserve	18	212,000,000	212,000,000	212,000,000	212,000,000
Unappropriated		15,975,469,131	11,271,393,612	15,944,637,281	11,230,137,985
Other components of equity		(5,178,828)	(11,523,166)	(5,178,828)	(11,523,166)
Total equity		20,682,133,665	15,971,713,808	20,651,301,815	15,930,458,181
Total liabilities and equity		77,221,877,873	61,871,602,220	77,210,195,199	61,839,720,724

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

Muangthai Capital Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Revenue					
Interest and fee income from loans receivables and hire purchase receivables		13,961,509,138	11,879,693,590	13,915,500,568	11,874,460,185
Fees and service income	6	726,427,794	723,213,883	677,438,908	678,880,991
Dividend income	6	-	-	35,000,000	-
Other income	6	44,652,536	85,022,030	105,872,968	118,140,270
Total revenue	19	14,732,589,468	12,687,929,503	14,733,812,444	12,671,481,446
Expenses					
Services and administrative expenses	6, 20	6,144,148,514	5,314,188,001	6,142,666,499	5,312,395,145
Total expenses		6,144,148,514	5,314,188,001	6,142,666,499	5,312,395,145
Profit from operating activities		8,588,440,954	7,373,741,502	8,591,145,945	7,359,086,301
Gain arising from derecognition of financial assets measured at amortised cost		36,140,399	-	36,140,399	-
Finance costs	6	(1,816,964,173)	(1,526,553,219)	(1,816,964,173)	(1,526,553,219)
Bad and doubtful debts expenses	20	-	(554,212,960)	-	(553,361,820)
Expected credit loss		(291,117,490)	-	(290,134,412)	-
Profit before income tax expense		6,516,499,690	5,292,975,323	6,520,187,759	5,279,171,262
Income tax expense	21	1,302,575,881	1,055,506,690	1,295,840,173	1,052,745,878
Profit for the year		5,213,923,809	4,237,468,633	5,224,347,586	4,226,425,384
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gain on cash flow hedges		7,930,423	3,442,475	7,930,423	3,442,475
Income tax relating to items that will be reclassified subsequently to profit or loss	21	(1,586,085)	(688,495)	(1,586,085)	(688,495)
Total items that will be reclassified subsequently to profit or loss		6,344,338	2,753,980	6,344,338	2,753,980
<i>Items that will not be reclassified to profit or loss</i>					
Loss on remeasurements of defined benefit plans	17	(4,734,702)	(20,471,278)	(4,734,702)	(20,580,288)
Income tax relating to items that will not be reclassified to profit or loss	21	946,941	4,094,256	946,941	4,116,058
Total items that will not be reclassified to profit or loss		(3,787,761)	(16,377,022)	(3,787,761)	(16,464,230)
Other comprehensive income (expense) for the year, net of tax		2,556,577	(13,623,042)	2,556,577	(13,710,250)
Total comprehensive income for the year		5,216,480,386	4,223,845,591	5,226,904,163	4,212,715,134

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

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
Profit (loss) attributable to:					
Owners of parent		5,213,923,809	4,237,468,633	5,224,347,586	4,226,425,384
Non-controlling interests		-	-	-	-
		<u>5,213,923,809</u>	<u>4,237,468,633</u>	<u>5,224,347,586</u>	<u>4,226,425,384</u>
Total comprehensive income (expense) attributable to:					
Owners of parent		5,216,480,386	4,223,845,591	5,226,904,163	4,212,715,134
Non-controlling interests		-	-	-	-
		<u>5,216,480,386</u>	<u>4,223,845,591</u>	<u>5,226,904,163</u>	<u>4,212,715,134</u>
Earnings per share					
Basic earnings per share	22	<u>2.46</u>	<u>2.00</u>	<u>2.46</u>	<u>1.99</u>

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

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of changes in equity

	Consolidated financial statements						Total equity	
	Issued and paid-up share capital	Share premium	Retained earnings			Hedging reserve		Other components of equity
			Legal reserve	Unappropriated	(in Baht)			
Year ended 31 December 2019								
Balance 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	
Transactions with owners, recorded directly in equity								
<i>Distributions to owners of the parent</i>								
Dividends	-	-	-	(551,200,000)	-	-	(551,200,000)	
<i>Total distributions to owners of the parent</i>	-	-	-	(551,200,000)	-	-	(551,200,000)	
Total transactions with owners, recorded directly in equity	-	-	-	(551,200,000)	-	-	(551,200,000)	
Comprehensive income for the year								
Profit	-	-	-	4,237,468,633	-	-	4,237,468,633	
Other comprehensive income	-	-	-	(16,377,022)	2,753,980		(13,623,042)	
Total comprehensive income (expense) for the year	-	-	-	4,221,091,611	2,753,980		4,223,845,591	
Balance 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 form an integral part of the financial statements.

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of changes in equity

Consolidated financial statements							
	Note	Retained earnings			Other components of equity		Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated reserve	Hedging reserve	
Year ended 31 December 2020							
Balance at 31 December 2019 - as reported		2,120,000,000	2,379,843,362	212,000,000	11,271,393,612	(11,523,166)	15,971,713,808
Impact of changes in accounting policies	3	-	-	-	129,939,471	-	129,939,471
Balance at 1 January 2020		2,120,000,000	2,379,843,362	212,000,000	11,401,333,083	(11,523,166)	16,101,653,279
Transactions with owners, recorded directly in equity							
<i>Distributions to owners of the parent</i>							
Dividends	23	-	-	-	(636,000,000)	-	(636,000,000)
Total distributions to owners of the parent		-	-	-	(636,000,000)	-	(636,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	(636,000,000)	-	(636,000,000)
Comprehensive income for the year							
Profit		-	-	-	5,213,923,809	-	5,213,923,809
Other comprehensive income		-	-	-	(3,787,761)	6,344,338	2,556,577
Total comprehensive income (expense) for the year		-	-	-	5,210,136,048	6,344,338	5,216,480,386
Balance at 31 December 2020		2,120,000,000	2,379,843,362	212,000,000	15,975,469,131	(5,178,828)	20,682,133,665

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

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of changes in equity

	Note	Separate financial statements						Total equity	
		Issued and paid-up share capital	Share premium	Retained earnings			Hedging reserve		Other components of equity
				Legal reserve	Unappropriated	(in Baht)			
Year ended 31 December 2019									
Balance 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	
Transactions with owners, recorded directly in equity									
<i>Distributions to owners</i>									
Dividends	23	-	-	-	(551,200,000)	-	-	(551,200,000)	
Total distributions to owners		-	-	-	(551,200,000)	-	-	(551,200,000)	
Total transactions with owners, recorded directly in equity		-	-	-	(551,200,000)	-	-	(551,200,000)	
Comprehensive income for the year									
Profit		-	-	-	4,226,425,384	-	-	4,226,425,384	
Other comprehensive income		-	-	-	(16,464,230)	2,753,980		(13,710,250)	
Total comprehensive income (expense) for the year		-	-	-	4,209,961,154	2,753,980		4,212,715,134	
Balance 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 form an integral part of the financial statements.

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of changes in equity

	Note	Separate financial statements						Total equity
		Retained earnings			Other components of equity			
		Issued and paid-up share capital	Share premium	Legal reserve	Unappropriated reserve	Hedging reserve		
Year ended 31 December 2020								
Balance at 31 December 2019 - as reported		2,120,000,000	2,379,843,362	212,000,000	11,230,137,985	(11,523,166)	15,930,458,181	
Impact of changes in accounting policies	3	-	-	-	129,939,471	-	129,939,471	
Balance at 1 January 2020		2,120,000,000	2,379,843,362	212,000,000	11,360,077,456	(11,523,166)	16,060,397,652	
Transactions with owners, recorded directly in equity								
<i>Distributions to owners</i>								
Dividends	23	-	-	-	(636,000,000)	-	(636,000,000)	
Total distributions to owners		-	-	-	(636,000,000)	-	(636,000,000)	
Total transactions with owners, recorded directly in equity		-	-	-	(636,000,000)	-	(636,000,000)	
Comprehensive income for the year								
Profit		-	-	-	5,224,347,586	-	5,224,347,586	
Other comprehensive income		-	-	-	(3,787,761)	6,344,338	2,556,577	
Total comprehensive income (expense) for the year		-	-	-	5,220,559,825	6,344,338	5,226,904,163	
Balance at 31 December 2020		2,120,000,000	2,379,843,362	212,000,000	15,944,637,281	(5,178,828)	20,651,301,815	

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

Muangthai Capital Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated financial		Separate financial	
	statements		statements	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	<i>(in Baht)</i>			
Cash flows from operating activities				
Profit before income tax	6,516,499,690	5,292,975,323	6,520,187,759	5,279,171,2
<i>Adjustments to reconcile profit before income tax to cash received (paid)</i>				
Depreciation and amortisation	1,169,326,364	275,738,096	1,169,311,093	275,719,37
Bad and doubtful debts expenses	-	554,212,960	-	553,361,82
Gain arising from derecognition of financial assets measured at amortised cost	(36,140,399)	-	(36,140,399)	
Expected credit loss	291,117,490	-	290,134,412	
Losses (gains) on impairment of assets held for sales	300,000	(4,000,000)	300,000	(4,000,00
Gains on sales of loan receivables	-	(33,781,199)	-	(33,781,15
Losses on sales of land, building and equipment	4,319,583	5,601,521	4,319,583	5,601,52
Provisions for employee benefit	34,721,138	34,652,693	34,721,138	34,652,65
Unrealised gains on fair value adjustment of derivatives	-	(5,030,501)	-	(5,030,50
Gains on exchange rate	(82,527)	(21,968)	(82,527)	(21,96
Gains on lease modification	(2,737,425)	-	(2,737,425)	
Dividend income	-	-	(35,000,000)	
Interest and fee income from loan receivables and hire purchase receivables	(13,961,509,138)	(11,879,693,590)	(13,915,500,568)	(11,874,460,18
Interest and fee income received from loan receivables and hire purchase receivables	13,912,786,444	11,785,295,840	13,871,133,821	11,781,048,87
Other interest income	(7,136,024)	(8,063,806)	(7,039,267)	(7,824,85
Finance costs	1,816,964,173	1,526,553,219	1,816,964,173	1,526,553,2
	9,738,429,369	7,544,438,588	9,710,571,793	7,530,990,0
Changes in operating assets and liabilities				
Loan receivables	(10,815,249,789)	(12,408,812,468)	(10,815,249,789)	(12,408,812,46
Hire purchase receivables	(271,395,205)	(83,574,972)	-	
Other receivables - related parties	-	-	(120,837,814)	(43,830,83
Short-term loans	(10,450,893)	(17,297,799)	(10,450,893)	(17,297,75
Short-term loans - related parties	(19,500)	32,000	39,980,500	(39,968,00
Other current assets	(13,565,300)	2,968,406	(3,372,191)	8,853,65
Other non-current assets	(12,033,510)	(16,490,442)	(12,033,510)	(16,490,44
Other payables	226,586,587	144,556,635	215,561,758	138,796,48
Other current liabilities	(22,560,903)	68,090,904	(845,010)	81,913,81
Provisions for employee benefits paid	(251,340)	(55,800)	(251,340)	(55,80
Net cash used in operating	(1,180,510,484)	(4,766,144,948)	(996,926,496)	(4,765,901,38
Income taxes paid	(1,207,074,550)	(1,225,630,524)	(1,202,662,629)	(1,223,752,08
Net cash used in operating activities	(2,387,585,034)	(5,991,775,472)	(2,199,589,125)	(5,989,653,46

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

Muangthai Capital Public Company Limited and its Subsidiaries
Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Increase in restricted bank deposits		(1,000,000)	(1,000,000)	-	-
Investments in subsidiaries		-	-	(480,000,000)	(20,000,000)
Dividend income		-	-	35,000,000	-
Acquisition of land, building and equipment		(633,243,481)	(786,817,702)	(633,243,481)	(786,791,244)
Acquisition of intangible assets		(5,727,710)	(6,219,122)	(5,727,710)	(6,169,431)
Proceeds from sales of land, buildings and equipment		6,088,065	3,399,157	6,088,065	3,399,157
Net cash used in investing activities		(633,883,126)	(790,637,667)	(1,077,883,126)	(809,561,518)
<i>Cash flows from financing activities</i>					
Net proceed (repayment) of short-term borrowings from financial institutions		483,219,326	(2,920,229,020)	483,219,326	(2,920,229,020)
Proceed from long-term borrowings from financial institutions		7,258,000,000	2,250,000,000	7,258,000,000	2,250,000,000
Repayment of long-term borrowings from financial institutions		(4,166,666,667)	(2,916,666,667)	(4,166,666,667)	(2,916,666,667)
Proceed from debenture issuance		12,000,000,000	15,670,000,000	12,000,000,000	15,670,000,000
Repayment of debenture redemption		(8,737,200,000)	(3,399,000,000)	(8,737,200,000)	(3,399,000,000)
Dividends paid to shareholders of the Company	23	(636,000,000)	(551,200,000)	(636,000,000)	(551,200,000)
Payment of lease liabilities		(838,249,082)	-	(838,249,082)	-
Increase in lease liabilities		-	1,191,722	-	1,191,722
Interest paid		(1,746,713,308)	(1,448,675,004)	(1,745,108,924)	(1,448,675,004)
Net cash from financing activities		3,616,390,269	6,685,421,031	3,617,994,653	6,685,421,031
Net increase (decrease) in cash and cash equivalents		594,922,109	(96,992,108)	340,522,402	(113,793,948)
Cash and cash equivalents at 1 January		783,172,078	880,164,186	743,186,155	856,980,103
Cash and cash equivalents at 31 December	7	1,378,094,187	783,172,078	1,083,708,557	743,186,155
<i>Non-cash transactions</i>					
Accounts payable on purchase of assets		6,743,445	7,127,568	6,743,445	7,127,568

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

Muangthai Capital Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2020

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Muangthai Capital Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 16 February 2021.

1 General information

Muangthai Capital Public Company Limited (the “Company”) was incorporated as a public company limited and domiciled in Thailand. The Company was listed on the Stock Exchange of Thailand in November 2014. Its registered address is 32/1 Charansanitwong Road, Bangor, Bangplad, Bangkok.

The Company’s major shareholders during the financial year was the Petaumpai family group.

The Group is principally engaged in providing loans secured against vehicle registrations, land title deeds loans, personal loans without collateral and nano finance under supervision as well as providing hire purchase service and insurance broker. Details of the Company’s subsidiaries as at 31 December 2020 are given in note 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2020. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s and the Company’s accounting policies.

The Group and the Company have initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* and relevant financial reporting standards and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

In addition, the Group and the Company have not early adopted a number of new and revised TFRS, which are not yet effective for the current period in preparing these financial statements. The Group and the Company has assessed the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Group’s and the Company’s functional currency. All financial information in the financial statements and in the notes to the financial statements has been rounded to thousand unless otherwise stated.

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s and the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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Notes to the financial statements

For the year ended 31 December 2020

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 5	Impact of Covid-19 outbreak;
Note 12	Leases: <ul style="list-style-type: none"> – whether an arrangement contains a lease; – whether the Group and the Company is reasonably certain to exercise extension options or not to exercise termination options; – whether the Group and the Company has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees;
Note 24	Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (“ECL”) and selection and approval of models used to measure ECL.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 17	Provisions for employee benefits
Note 24	Allowance for expected credit loss

In addition, on 1 January 2020, the Group and the Company have changed its estimated useful life of building improvements according to new estimated useful life. This change in estimate has been applied prospectively. The Group and the Company have completed assessment of the impact on the financial statements and there was no material impact.

3 Changes in accounting policy policies

From 1 January 2020, the Group and the Company have initially applied TFRS - Financial instruments standards and TFRS 16. Impact of changes in accounting policies on shareholders' equity are as follows:

		Consolidated financial statements	Separate financial statements
		Retained earnings	Retained earnings
	<i>Note</i>	<i>(in thousand Baht)</i>	
At 31 December 2019 - as reported		11,483,394	11,442,138
<i>Increase (decrease) due to:</i>			
Adoption of TFRS - Financial instruments standards			
Gains and reversal of expected credit loss on financial assets and lease receivables	3 (b)	162,424	162,424
Related tax		(32,485)	(32,485)
At 1 January 2020 - restated		11,613,333	11,572,077

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Notes to the financial statements

For the year ended 31 December 2020

(a) TFRS - Financial instruments standards

The Group and the Company have adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings on 1 January 2020. Therefore, the Group and the Company did not adjust the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The details of accounting policies are disclosed in note 4. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets and financial liabilities

Financial Reporting Standards 9 ("TFRS 9") contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification under TFRS 9 is based on the cash flow characteristics of the financial asset and the business model in which they are managed. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. Previously, the Group and Company recognised interest income at effective interest rate and interest expenses at the rate specified in the contract.

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The following table shows the original classification and measurement categories under TAS 105 and the new classification and measurement categories under TFRS 9 for the Group and the Company as at 1 January 2020.

	Consolidated financial statements			
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019 <i>(in thousand Baht)</i>	At 1 January 2020
Assets				
Current assets				
Cash and cash equivalents	Amortised cost	Amortised cost	783,172	783,172
Current portion of loan receivables	Amortised cost	Amortised cost	34,902,345	35,000,630
Current portion of hire purchase receivables	-	-	27,000	27,000
Short-term loans	Amortised cost	Amortised cost	74,548	74,548
Short-term loan - related parties	Amortised cost	Amortised cost	18	18
Other current assets	-	-	135,131	135,131
Total current assets			35,922,214	36,020,499
				Allowance for expected credit loss
				-
				98,285
				36,020,499
Non-current assets				
Restricted bank deposits	Amortised cost	Amortised cost	10,000	10,000
Loan receivables	Amortised cost	Amortised cost	23,636,440	23,700,579
Hire purchase receivables	-	-	56,946	56,946
Land, building and equipment	-	-	1,778,311	1,778,311
Intangible assets	-	-	25,823	25,823
Deferred tax assets	-	-	300,213	267,728
Other non-current assets	-	-	141,655	141,655
Total non-current assets			25,949,388	25,981,042
Total Asset			61,871,602	62,001,541

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	Consolidated financial statements			
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019 <i>(in thousand Baht)</i>	At 1 January 2020
Liabilities and equity				
Current liabilities				
Short-term borrowings from financial institutions	Amortised cost	Amortised cost	1,897,233	1,897,233
Derivative liabilities	Fair value	FVTPL	14,404	14,404
Other payables	Amortised cost	Amortised cost	890,730	890,730
Current portion of long-term borrowings from financial institutions	Amortised cost	Amortised cost	4,038,162	4,038,162
Current portion of debentures	Amortised cost	Amortised cost	8,733,878	8,733,878
Current portion of finance lease liabilities	-	-	19,241	19,241
Current income tax payable	-	-	607,158	607,158
Other current liabilities	-	-	111,121	111,121
Total current liabilities			16,311,927	16,311,927
Non-current liabilities				
Long-term borrowings from financial institutions	Amortised cost	Amortised cost	2,993,496	2,993,496
Debentures	Amortised cost	Amortised cost	26,473,470	26,473,470
Finance lease liabilities	-	-	27,101	27,101
Provisions for employee benefits	-	-	93,894	93,894
Total non-current liabilities			29,587,961	29,587,961
Total Liabilities			45,899,888	45,899,888
Equity				
Share capital	-	-	2,120,000	2,120,000
Share premium on ordinary shares	-	-	2,379,843	2,379,843
Legal reserve	-	-	212,000	212,000
Unappropriated retained earnings	-	-	11,271,394	11,401,333
Other components of equity	-	-	(11,523)	(11,523)
Total equity			15,971,714	16,101,653
Total liabilities and equity			61,871,602	62,001,541
		Allowance for expected credit loss	129,939	129,939
			129,939	129,939

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	Original classification at 31 December 2019	New classification under TFRS 9	Separate financial statements	
			At 31 December 2019 <i>(in thousand Baht)</i>	Allowance for expected credit loss At 1 January 2020
<i>Assets</i>				
Current assets				
Cash and cash equivalents			743,186	-
Current portion of loan receivables	Amortised cost	Amortised cost	34,902,345	98,285
Other receivables - related parties	Amortised cost	Amortised cost	46,659	-
Short-term loans	Amortised cost	Amortised cost	74,548	-
Short-term loan - related parties	Amortised cost	Amortised cost	40,018	-
Other current assets	-	-	128,757	-
Total current assets			35,935,513	98,285
Non-current assets				
Loan receivables	Amortised cost	Amortised cost	23,636,440	64,139
Investment in subsidiaries	-	-	22,000	-
Land, building and equipment	-	-	1,778,289	-
Intangible assets	-	-	25,781	-
Deferred tax assets	-	-	300,043	(32,485)
Other non-current assets	-	-	141,655	-
Total non-current assets			25,904,208	31,654
Total Asset			61,839,721	129,939
				36,033,798
				23,700,579
				22,000
				1,778,289
				25,781
				267,558
				141,655
				25,935,862
				61,969,660

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	Separate financial statements			
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019 <i>(in thousand Baht)</i>	At 1 January 2020
Liabilities and equity				
Current liabilities				
Short-term borrowings from financial institutions	Amortised cost	Amortised cost	1,897,233	-
Derivative liabilities	Fair value	FVTPL	14,404	14,404
Other payables	Amortised cost	Amortised cost	876,725	876,725
Current portion of long-term borrowings				
financial institutions	Amortised cost	Amortised cost	4,038,162	4,038,162
Current portion of debentures	Amortised cost	Amortised cost	8,733,878	8,733,878
Current portion of finance lease liabilities	-	-	19,241	19,241
Current income tax payable	-	-	605,725	605,725
Other current liabilities	-	-	135,934	135,934
Total current liabilities			16,321,302	16,321,302
Non-current liabilities				
Long-term borrowings from financial institutions	Amortised cost	Amortised cost	2,993,496	2,993,496
Debentures	Amortised cost	Amortised cost	26,473,470	26,473,470
Finance lease liabilities	-	-	27,101	27,101
Provisions for employee benefits	-	-	93,894	93,894
Total non-current liabilities			29,587,961	29,587,961
Total liabilities			45,909,263	45,909,263
Equity				
Share capital	-	-	2,120,000	2,120,000
Share premium on ordinary shares	-	-	2,379,843	2,379,843
Legal reserve	-	-	212,000	212,000
Unappropriated retained earnings	-	-	11,230,138	11,360,077
Other components of equity	-	-	(11,523)	(11,523)
Total equity			15,930,458	16,060,397
Total liabilities and equity			61,839,721	61,969,660

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(2) Impairment - Financial assets and lease receivables

TFRS 9 introduces forward-looking 'expected credit loss' ("ECL") model whereas previously the Group and the Company estimated allowance for doubtful accounts by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets measured at amortised cost and lease receivables.

The Group and the Company have developed a number of models to estimate the allowance for expected credit loss in accordance with TFRS 9 at 1 January 2020. In addition, there might be uncertain events in the future that are still not reflected in the current credit models, so the management provided additional allowance for expected credit loss as management overlay. However, it resulted in decrease in allowance for expected credit loss as follows:

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Allowance for doubtful accounts at 31 December 2019		
Allowance for doubtful accounts - Loan receivables	1,714,114	1,714,114
Allowance for doubtful accounts - Hire purchase receivables	851	-
	<u>1,714,965</u>	<u>1,714,114</u>
<i>Gain and reversal of expected credit loss recognised at 1 January 2020 on:</i>		
- Loan receivables	(162,424)	(162,424)
Allowance for expected credit loss at 1 January 2020	<u>1,552,541</u>	<u>1,551,690</u>

The Group and the Company have opted to recognise the gain and reversal of expected credit loss as an adjustment to retained earnings as at 1 January 2020.

(b) *TFRS 16 Leases*

From 1 January 2020, the Group and the Company have initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* using the modified retrospective approach.

Previously, the Group and the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group and the Company assess whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group and the Company allocate the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group and the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group and the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group and the Company also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

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Impact from the adoption of TFRS 16

	Consolidated and Separate financial statements <i>(in thousand Baht)</i>
<i>At 1 January 2020</i>	
Increase in right-of-use assets	3,391,713
Decrease in land, building and equipment	(76,011)
Decrease in other current assets	(8,652)
Increase in lease liabilities	3,307,050

Measurement of lease liabilities

	Consolidated and Separate financial statements <i>(in thousand Baht)</i>
Operating lease commitment as disclosed at 31 December 2019	803,756
Discounted using the incremental borrowing rate at 1 January 2020	766,163
Extension and termination options reasonably certain to be exercised	2,540,887
Lease liabilities recognised at 1 January 2020	3,307,050
Weighted-average incremental borrowing rate <i>(% per annum)</i>	3.41

Right-of-use assets and lease liabilities shown above were presented as part of lending business.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3 changes in accounting policies.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”).

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

Muangthai Capital Public Company Limited and its Subsidiaries
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(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

(c) Financial instruments

Accounting policies applicable from 1 January 2020

(1) Recognition and initial measurement

The Group and the Company initially recognise financial assets or financial liabilities (including directly attributable to the acquisition or issue financial assets) in its statement of financial position on the transaction date, which is the date on which the Group and the Company become the party to the provisions of the instrument.

Financial assets or financial liabilities (unless it is a trade receivable without a significant financing component or measured at FVTPL) is initially measured at its fair value plus transaction costs that are directly attributable to its acquisition or issue of the financial assets or financial liabilities. A trade receivable without a significant financing component is initially measured at the transaction price.

(2) Classification and subsequent measurement of financial assets and financial liabilities

Classification and subsequent measurement of financial assets

On initial recognition, a financial asset is classified as subsequent measurement at: amortised cost; FVOCI; or FVTPL. The reclassification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

A financial assets which is not designated as at FVTPL is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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Business model assessment

The Group and the Company makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets outflow or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group and the Company management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, value and timing of sales in prior year, the reasons for such sales and expectations about future sales activity. However, information about sales is not considered in isolation, but as part of an overall assessment of how the Group and the Company stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, credit risk, other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as a profit margin associated with holding the financial assets for a particular period of time.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group and the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group and the Company considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- terms that limit the Group's and the Company's claim to cash flows from specified assets (e.g. non-recourse loans; and
- features that modify consideration of the time value of money (e.g. periodical reset of the interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group and the Company change its business model for managing financial assets.

Modifications of financial assets

If the terms of a financial asset are modified, then the Group and the Company evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received from the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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If cash flows are modified when the borrower is in financial difficulties, the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group and the Company plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of financial asset measured at amortised cost or FVOCI does not result in derecognition of financial asset, then the Group and the Company first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognise the resulting adjustment as a modification gain or loss in profit or loss. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

Classification and subsequent measurement of financial liabilities

The Group and the Company classify and measure all financial liabilities except derivative liabilities subsequently at amortised cost.

(3) *Derecognition of financial assets and financial liabilities*

Derecognition of financial assets

The Group and the Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group and the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI is recognized in OCI is recognized in profit or loss.

The Group and the Company enter into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Derecognition of financial liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expired.

(4) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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(5) Hedging and derivatives

The derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Group and the Company designate certain derivatives held for risk management as well as certain non-derivative financial instruments in qualifying hedging relationships. On initial designation of the hedge, the Group and the Company formally document the the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to used to assess the effectiveness of the hedging relationship. The Group and the Company make an assessment, both on inception of the hedged relationship and on an ongoing basis, of whether the hedging instruments are excepted to be highly effective hedge in offsetting the changes in the fair value of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Accounting policies applicable before 1 January 2020

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.

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.

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Interest rate swap contracts - hedge accounting

The Group and the Company have entered into derivative financial instruments in order to manage risk associated with the Group's and the Company's financial liabilities. The Group and the Company have recorded derivatives for cash flow hedging using hedge accounting, as follows:

At the inception of the transaction, the Group and the Company document 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 Group and the Company also document 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 OCI and accumulated in the hedging reserve. 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.

(d) Cash and cash equivalents

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits which not include restricted bank deposits.

(e) Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are measured at cost less allowance for impairment losses.

(f) Assets foreclosed

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

Gain or loss on disposal of assets foreclosed are recognised as revenue in profit or loss upon disposal.

Loss on impairment is recognised as expense in profit or loss.

(g) Land, buildings and equipment

Recognition and measurement

Owned assets

Land, buildings and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of land, buildings and equipment have different useful lives, they are accounted for as separate items (major components) of land, buildings and equipment.

Any gains and losses on disposal of item of land, buildings and equipment are determined by comparing the proceeds from disposal with the carrying amount of land, buildings and equipment, and are recognised in profit or loss.

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Subsequent costs

The cost of replacing a part of an item of land, buildings and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of land, buildings and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of land, buildings and equipment. The estimated useful lives are as follows:

Buildings	20 and 50	years	
Building improvements	Not more than 6	years	(2019: 20 years)
Building improvements - Head office building	20 - 35	years	
Furniture, fixtures, equipment and computers	5 and 10	years	
Vehicles	-		(2019: 5 and 7 years)

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(h) Intangible assets

Intangible assets that are acquired by the Group and the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

Software licences	5 and 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Leases

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. If a contract contains a lease and non-lease components, the Group and Company apply TFRS 15 to allocate the consideration in the contract.

Muangthai Capital Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2020

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the expected lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of buildings and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate and subsequently at amortised cost using the incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, and amount expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Group and the Company are reasonably certain to exercise option.

The Group and the Company determine its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the Group and the Company act as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group and the Company apply the exemption, then it classifies the sub-lease as an operating lease.

The Group and the Company recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of 'other income.' Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the accounting period in which they are earned.

The Group and the Company recognise finance lease receivables at the amount of the Group's and the Company's net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

Accounting policies applicable before 1 January 2020

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.

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For the year ended 31 December 2020

(j) *Impairment of financial assets*

Accounting policies applicable from 1 January 2020

The new impairment model applies to financial assets measured at amortised cost and lease receivables.

Significant estimates and judgements

The Group's and the Company's expected credit loss calculations are based on complex models with a series of underlying assumptions. The significant judgements and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. The calculation of expected credit loss also involves management judgement to be applied based upon counterparty information they receive from various internal and external. Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the model under a "management overlay" framework, such as identified model deficiencies and debtors' risk concentration.

Measurement of ECL

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECL are a probability-weighted estimated of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at reporting date: as the present value of all cash shortfalls (i.e. the difference between the contractual cash flows and the cash flows that the Group and the Company expect to receive);
- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with the percentage of loss given default ("LGD") with the expected exposure at the time of default ("EAD").

Forward-looking macro economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

Multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios both in terms of determining the PD, LGD and EAD, where relevant, and in determining the overall expected credit loss amounts.

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

Cash shortfalls are discounted using the original effective interest rate on financial instrument.

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Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date by being assessed on individual basis. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1 Financial assets that have not had a significant increase in credit risk (Performing)

Financial assets that have not had a significant increase in credit risk ("SICR") since initial recognition (i.e. no stage 2 or 3 triggers apply) at each reporting date. The allowance for ECL is 12-month ECL. 12-month ECL is the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Stage 2 Financial assets have a SICR (Under-performing)

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are more than 30 days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Financial assets can be transferred to stage 1 in case they have been proven ability to repay are back to normal.

Stage 3 Financial assets that are credit-impaired (Non-performing)

Financial assets that are credit-impaired or in default represent those that are more than 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets. Evidence that financial assets are credit impaired includes observable data about the events such as in process of litigation.

Expected credit losses of credit impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

Financial assets that are credit-impaired require a lifetime provision.

Modifications of financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within expected credit loss in profit or loss with a corresponding decrease in the gross carrying amount of the asset.

Expected credit losses for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Financial assets renegotiated or modified of contractual cash flows, the Group and the Company might consider them as financial assets that have a SICR except there is an evidence that the risk of not receiving contractual cash flows significantly reduces and there is no indicator of the impairment. The Group and the Company then consider the aforementioned financial assets as the ones which do not have a SICR.

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Write-offs of credit impaired instruments and reversal of expected credit loss

To the extent a financial instrument is considered irrecoverable, the applicable portion of the gross carrying amount is written off against the related allowance for expected credit loss. Such financial instruments are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of expected credit loss in the profit or loss.

If, in a subsequent period, the amount of the allowance for expected credit loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, the previously recognised expected credit loss is reversed by adjusting the allowance for expected credit loss. The amount of the reversal is recognised in the profit or loss.

Improvement in credit risk

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets that are credit-impaired (stage 3) and no restructured will be transferred to stage 2 or stage 1 if it is considered that there is no more qualification as a financial asset with credit-impaired.

For financial assets in stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

For receivables that have SICR in stage 2 which have never been classified as asset credit-impaired, these can be transferred to stage 1 when the customers execute new contract requirements by repaying 3 consecutive months or 3 consecutive dues, whichever is longer.

For receivables that are credit-impaired in stage 3, these can be transferred to stage 2 when the customers execute new contract requirements by repaying 3 consecutive months or 3 consecutive dues, whichever is longer. They can be transferred to stage 1 after repayment of 9 consecutive months or 9 consecutive dues, whichever is longer and there must be no overdue outstanding in account with expectation that the customers will pay off all remaining debts.

Accounting policies applicable before 1 January 2020

Allowance for doubtful accounts

The Group and the Company provide 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:

	<i>(Provisioning rate)</i>
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 Group and the Company set aside further provision for loan receivables based on consideration of additional loss that may be incurred in the future.

Muangthai Capital Public Company Limited and its Subsidiaries

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

(k) Impairment of non-financial assets

The carrying amounts of the Group's and the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(l) Employee benefits

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed regularly by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group and the Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Muangthai Capital Public Company Limited and its Subsidiaries

Notes to the financial statements

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(m) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(n) 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 market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group's and the Company's has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's and the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group and the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group and the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group and the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group and the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1:* quoted prices in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- *Level 3:* inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group and the Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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(o) Revenue

Insurance commission income

For the contracts that the Group and the Company is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group and the Company acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

Fee and service income

Fee and service income are recognised when services have been rendered, while collection fees is recognised when received.

Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's and the Company's right to receive payment is established.

(p) Interest

Accounting policies applicable from 1 January 2020

Effective Interest Rate (EIR)

Interest income or interest expense are recognised in profit or loss using the effective interest method. The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group and the Company estimate future cash flows considering all contractual terms of the financial instrument, but not allowance for expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any allowance for expected credit loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance for expected credit loss.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, initial recognition of interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis of assets.

Muangthai Capital Public Company Limited and its Subsidiaries

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Accounting policies applicable before 1 January 2020

The Group and the Company recognise interest income from loan receivables and hire purchase receivables on an accrual basis using the effective interest rate method.

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

(q) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group and the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group and the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group and the Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group and the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per share

The Group and the Company present basic earnings per share (EPS) which is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding during the year.

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(s) *Related parties*

A related party is a person or entity that has direct or indirect control, or has significant influence over the financial and managerial decision-making of the Group and the Company; a person or entity that are under common control or under the same significant influence as the Group and the Company; or the Group and the Company has direct or indirect control or has significant influence over the financial and managerial decision-making of a person or entity.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5 Impact of Covid-19 outbreak

During the beginning of 2020, there was the Covid-19 outbreak. Many countries, including Thailand, have enacted several protective measures against the outbreak. This has significantly affected daily life, production, supply chain and economic conditions.

As a result of the Covid-19 having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand ("BoT") issued the circular no. Thor Por Tor. For Nor Sor. (01) Wor. 380/2563, regarding "Additional relief measures to debtors during Covid-19 outbreak situation" to set up a series of measures, covering payment moratoriums, as well as a loan repayment holiday to help affected borrowers that are encountering short-term cash flow problems to resume repayment ability at the end. The Group and the Company provide additional relief measures as follows:

- To give principal and interest repayment holiday for a period of 3 months
- To extend repayment term by contract refinancing in order to reduce installment amount not lower than 30 percent of existing installment amount; or
- To decrease in interest rate provided to unsecured personal loan

The Group and the Company released the aforementioned relief measures requiring debtors to register from 8 April to 30 June 2020.

On 19 June 2020, the BoT issued the circular no. Thor Por Tor. For Nor Sor. (01) Wor. 648/2563, regarding "Additional relief measures during Covid -19 outbreak situation in phase 2" in order to relieve debtors to maintain cash flow for their costs of living and occupations. The Group and the Company provide additional relief measures as follows:

- Reduction in maximum interest rate, fees and fines (interest) relating to personal loan under supervision
- Temporary increasing in approved credit line for personal loan under supervision until 31 December 2020
- Minimum relief measures to debtors in phase 2 from 1 July 2020 to 31 December 2020 as follows:

Type of facilities	Minimum relief measures to debtors
Personal loan under supervision with due installment and loan secured by vehicle registration	To reduce installment amount at least 30 percent of existing installment amount
Hire purchase	To give principal and interest repayment holiday for a period of 3 months

In relation to financial reporting, key concerns are on the application of forward-looking information and procyclicality effect from applying TFRS 9 ECL provisioning concept. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year period of 2020 and 2021, highlighted:

- Non NPL modified loans (pre-emptive restructures) can be classified as stage 1 performing immediately once they are identified via well screening process for likely to repay borrowers, or else they remain at the stage before entering into relief programs;
- NPL modified loans (troubled debt restructures) can be classified as stage 1 performing only if they can repay 3 consecutive months or 3 consecutive dues, whichever is longer;
- Revision of effective interest rate (EIR) at the date of modification; and
- As a result of unprecedented circumstance, forward-looking information can be put less weight than historical repayment in ECL provisioning.

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For the year ended 31 December 2020

Subsequent to 31 December 2020, the Covid-19 pandemic still continues as increasingly affected cases were found and spread all over Thailand. Management is closely monitoring the situation to ensure the safety of the Group's and the Company's staff and to manage the negative impact on the business as much as possible.

6 Related parties

Relationships with subsidiaries, is described in note 12. Other related parties that the Group and the Company had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Muangthai Leasing Co., Ltd.	Thailand	Subsidiary, 100% shareholding
Muangthai Leasing Insurance Broker Co., Ltd.	Thailand	Subsidiary, 100% shareholding

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Fee income on support services	Contractual price
Rental income	Contractual price
Other interest income	Contractual rate
Rental expense	Contractual price
Commission expense	Same rate that the Company pays to other agents

Significant transactions for the years ended 31 December with related parties were as follows:

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Subsidiaries</i>				
Dividend income	-	-	35,000	-
Fee income on support services	-	-	59,077	32,281
Rental income	-	-	935	779
Other interest income	-	-	1,306	298
<i>Key management personnel</i>				
Other interest income	3	5	3	5
Rental expense	-	6,589	-	6,589
Interest expense - Lease liabilities	738	-	738	-
Key management personnel compensation				
Short-term employee benefits	45,865	38,601	45,865	38,529
Post-employment benefits	2,114	7,499	2,114	7,499
Total key management personnel compensation	<u>47,979</u>	<u>46,100</u>	<u>47,979</u>	<u>46,028</u>
<i>Other related parties</i>				
Commission expense	2,223	2,026	2,223	2,026

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Balances as at 31 December with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Right-of-use assets				
Key management personnel	20,433	-	20,433	-
Other receivables				
Subsidiaries	-	-	167,497	46,659
Lease liabilities				
Key management personnel	21,249	-	21,249	-
Other current liabilities				
Subsidiaries	-	-	46,987	24,885
Other related parties	179	196	179	196

Movements during years ended 31 December of short-term loans to related parties were as follows:

	Consolidated financial statements			
	At 1 January	Addition	Disbursement	At 31 December
Short-term loans to				
2020				
Key management personnel	18	200	(180)	38
2019				
Key management personnel	50	200	(232)	18
	Separate financial statements			
	At 1 January	Addition	Disbursement	At 31 December
Short-term loans to				
2020				
Subsidiaries	40,000	-	(40,000)	-
Key management personnel	18	200	(180)	38
Total	40,018	200	(40,180)	38
2019				
Subsidiaries	40,000	-	-	40,000
Key management personnel	50	200	(232)	18
Total	40,050	200	(232)	40,018

As at 31 December 2020, interest rates on short-term loans were ranging from 4 - 8% per annum (2019: 4 - 8% per annum).

Significant agreements with related parties

As at 31 December 2020, the Company had the service agreement with a subsidiary. The scope of services comprises of providing insurance broker, authorisation on hire purchase contract, repayment, debt collection, collateral seizure, collateral auction, accounting including information technology and information service. The agreement is effective until termination. The Company receives the service fee as specified in the agreement.

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For the year ended 31 December 2020

As at 31 December 2020, the Company had the several office space rental agreements with subsidiaries for periods within 3 years starting from 1 January 2019 to 30 April 2022. The subsidiaries have the right to renew the lease at the end of lease period. Rental fees will be revisited every time the contract is due.

As at 31 December 2020, the Group and the Company have entered into a number of office building lease agreements with related parties. The lease period was 3 years commencing from January 2018 and ending in September 2022 (2019: between 1 year to 3 years commencing from January 2018 and ending in September 2022).

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash on hand	61,611	73,946	61,599	73,930
Cash at banks - current accounts	87,583	119,975	87,552	108,421
Cash at banks - savings accounts	1,228,900	589,251	934,558	560,835
Total	1,378,094	783,172	1,083,709	743,186

All cash and cash equivalents of the Group and the Company was in Baht.

As at 31 December 2020, the Group had restricted deposits pledged as collateral with a commercial bank for Baht 11 million (2019: Baht 10 million).

8 Loan receivables

	Consolidated and Separate financial statements		
	2020		Total
	Portion due within one year ⁽¹⁾	Portion due over one year <i>(in thousand Baht)</i>	
Loan receivables	39,143,637	30,508,550	69,652,187
Add accrued interest receivables and undue interest income	955,087	-	955,087
Total	40,098,724	30,508,550	70,607,274
Less allowance for expected credit loss	(752,988)	(572,900)	(1,325,888)
Net	39,345,736	29,935,650	69,281,386

⁽¹⁾ The balance of loan receivables due within 1 year includes loan receivables that are credit-impaired.

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	Consolidated and Separate financial statements		
	Portion due within one year ⁽¹⁾	Portion due over one year <i>(in thousand Baht)</i>	Total
Loan receivables	35,556,297	23,792,921	59,349,218
Add accrued interest receivables	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)
Net	34,902,345	23,636,440	58,538,785

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

⁽²⁾ Allowance for doubtful accounts on loans receivable due within 1 year, including additional reserves that may not be collectible.

As at 31 January 2019, the Bank of Thailand (“BoT”) 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.

Amortised cost before modification of loan receivables that were modified under relief measures as explained in note 5 during the year ended 31 December 2020 was Baht 4,454.93 million.

The normal credit term granted by the Group and the Company is 3 to 80 months.

Expected credit loss for the year ended 31 December 2020 were as follows:

<i>For the year ended 31 December</i>	Consolidated and Separate financial statements
	2020
	<i>(in thousand Baht)</i>
Recognised in profit or loss	
Loan receivables	<u>(290,134)</u>

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9 Hire purchase receivables

	Consolidated financial statements						Total
	2020						
	Portion due within one year	Portion due over one year but within two years	Portion due over two years but within three years	Portion due over three years but within four years	Portion due over four years but within five years	Portion due over five years	
	<i>(in thousand Baht)</i>						
Hire purchase receivables	201,989	158,108	94,168	32,176	13,538	132	500,111
Less unearned interest income	(74,884)	(40,948)	(17,194)	(5,131)	(1,271)	(10)	(139,438)
	127,105	117,160	76,974	27,045	12,267	122	360,673
Less allowance for expected credit loss	(676)	(579)	(382)	(138)	(58)	(1)	(1,834)
Net	126,429	116,581	76,592	26,907	12,209	121	358,839

	Consolidated financial statements		Total
	2019		
	Portion due within one year	Portion due over one year but within five years	
	<i>(in thousand Baht)</i>		
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)
Net	27,000	56,946	83,946

Net carrying amount before modification of hire purchase receivables that were modified under relief measures as explained in note 5 during the year ended 31 December 2020 was Baht 125.52 million.

The normal credit term granted by the Group is 12 to 72 months.

Expected credit loss for the year ended 31 December 2020 were as follows:

	Consolidated financial statement
	2020
	<i>(in thousand Baht)</i>
<i>For the year ended 31 December</i>	
<i>Recognised in profit or loss</i>	
Hire purchase receivables	(983)

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10 Investments in subsidiaries

	Type of business	Country of operation	Ownership interest (%)		Paid-up capital (in thousand Baht)		Separate financial statements	
			2020	2019	2020	2019	2020	2019
Direct subsidiaries								
Muangthai Leasing Insurance Broker Company Limited	Insurance brokerage	Thailand	100	100	2,000	2,000	2,000	2,000
Muangthai Leasing Company Limited	Hire purchase	Thailand	100	100	500,000	20,000	500,000	20,000
Total					502,000	22,000	502,000	22,000

None of the investment in subsidiaries are publicly listed and consequently do not have published price quotations.

Details of the increase of investments in subsidiaries during the year ended 31 December 2020 were as follows:

At the Extraordinary General Meeting of the shareholders of Muangthai Leasing Company Limited ("MTLS"), a subsidiary, held on 18 March 2020, the shareholders had resolutions to increase the authorised share capital of MTLS from the amount of Baht 20 million to the amount of Baht 500 million. During 2020, the Company paid share subscription to MTLS of Baht 480 million.

Muangthai Capital Public Company Limited and its Subsidiaries

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For the year ended 31 December 2020

11 Land, buildings and equipment

	Consolidated financial statements							Total
	Land	Buildings	Building improvements	Furniture, fixtures, equipment, and computers (in thousand Baht)	Vehicles	Construction in progress		
Cost								
At 1 January 2019	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 / write-off	-	-	(2,189)	(23,318)	(5,893)	-	(31,400)	
At 31 December 2019	257,260	11,224	352,222	1,380,739	172,945	393,418	2,567,808	
Impact from changes in accounting policies	-	-	-	-	(172,945)	-	(172,945)	
At 1 January 2020	257,260	11,224	352,222	1,380,739	-	393,418	2,394,863	
Additions	211	2,668	70,381	296,813	-	224,748	594,821	
Transfer in (out)	-	314,908	262,419	2,078	-	(579,405)	-	
Disposals / write-off	-	-	(4,512)	(23,324)	-	-	(27,836)	
At 31 December 2020	257,471	328,800	680,510	1,656,306	-	38,761	2,961,848	
Accumulated depreciation								
At 1 January 2019	-	1,735	21,321	442,965	76,294	-	542,315	
Depreciation charge for the year	-	551	15,311	227,560	26,163	-	269,585	
Disposals / write-off	-	-	(318)	(16,563)	(5,523)	-	(22,404)	
At 31 December 2019	-	2,286	36,314	653,962	96,934	-	789,496	
Impact from changes in accounting policies	-	-	-	-	(96,934)	-	(96,934)	
At 1 January 2020	-	2,286	36,314	653,962	-	-	692,562	
Depreciation charge for the year	-	1,663	98,713	258,792	-	-	359,168	
Disposals / write-off	-	-	(690)	(17,687)	-	-	(18,377)	
At 31 December 2020	-	3,949	134,337	895,067	-	-	1,033,353	

Muangthai Capital Public Company Limited and its Subsidiaries

Notes to the financial statements

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	Separate financial statements						Total
	Land	Buildings	Building improvements	Furniture, fixtures, equipment, and computers (in thousand Baht)	Vehicles	Construction in progress	
Accumulated depreciation							
At 1 January 2019	-	1,735	21,321	442,886	76,294	-	542,236
Depreciation charge for the year	-	551	15,311	227,549	26,163	-	269,574
Disposals / write-off	-	-	(318)	(16,563)	(5,523)	-	(22,404)
At 31 December 2019	-	2,286	36,314	653,872	96,934	-	789,406
Impact from changes in accounting policies	-	-	-	-	(96,934)	-	(96,934)
At 1 January 2020	-	2,286	36,314	653,872	-	-	692,472
Depreciation charge for the year	-	1,663	98,713	258,786	-	-	359,162
Disposals / write-off	-	-	(690)	(17,687)	-	-	(18,377)
At 31 December 2020	-	3,949	134,337	894,971	-	-	1,033,257
Net book value							
At 31 December 2019	257,260	8,938	315,908	726,754	-	393,418	1,702,278
Owned assets	-	-	-	-	76,011	-	76,011
Assets under finance leases	257,260	8,938	315,908	726,754	76,011	393,418	1,778,289
At 31 December 2020	257,471	324,851	546,173	761,222	-	38,761	1,928,478
Owned assets	-	-	-	-	-	-	-

The gross amount of the Group's and the Company's fully depreciated buildings and equipment that was still in use as at 31 December 2020 amounted to Baht 271 million (2019: Baht 135 million).

Muangthai Capital Public Company Limited and its Subsidiaries
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12 Leases

As a lessee

As at 31 December 2020, the Group and the Company have building and office space and vehicles lease agreements with related parties and non-related parties for a period from 1 year to 6 years (2019: 1 year to 5 years). The Group and the Company have extension options at the end of the contract period. Lease payment is specified in the contract.

Extension options

Some property leases contain extension options exercisable by the Group and the Company. Where practicable, the Group and the Company seek to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group and the Company assess at lease commencement date whether it is reasonably certain to exercise the extension options. The Group and the Company reassess whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Right-of-use

	Consolidated and Separate financial statements		
	Buildings and office space	Vehicles <i>(in thousand Baht)</i>	Total
At 1 January 2020	3,315,702	76,011	3,391,713
Addition	938,692	37,629	976,321
Depreciation charge for the year	(778,086)	(25,340)	(803,426)
Disposal / write off	-	(539)	(539)
At 31 December	3,476,308	87,761	3,564,069

Lease liabilities

	Consolidated and Separate financial statements 2020 <i>(in thousand Baht)</i>
<i>Maturity analysis - contractual undiscounted cash flows</i>	
Within one year	893,049
Over one year but within five years	2,910,039
Over five years	156,905
Total undiscounted lease liabilities	3,959,993
Lease liabilities included in the statement of financial position	3,562,548

Future minimum lease payments

As at 31 December 2019, future minimum lease payments under non-cancellable leases were as follows:

	Consolidated and Separate financial statements 2019 <i>(in thousand Baht)</i>
Within one year	453,520
Over one year but within five years	350,236
Total	803,756

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Amount recognised in profit or loss

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Depreciation of right-of-use assets:				
- Buildings and office space	778,086	-	778,086	-
- Vehicles	25,340	-	25,340	-
Interest expense on lease liabilities	112,930	-	112,930	-
Lease expense under operating leases	-	748,635	-	748,635

As a lessor

Operating leases

The Company has lease agreements for office space to its subsidiaries as disclosed in note 6.

The following table set out a maturity analysis of lease payments, showing undiscounted lease payments as at 31 December 2020 and 2019.

	Separate financial statements 2020 <i>(in thousand Baht)</i>
Portion due within one year	935
Portion due over one year but within two years	156
Total	1,091
	Separate financial statements 2019 <i>(in thousand Baht)</i>
Portion due within one year	935
Portion due over one year but within two years	1,091
Total	2,026

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13 Short-term borrowings from financial institutions

As at 31 December 2020 and 2019, the following are short-term borrowings in the form of promissory notes and bill of exchanges from local financial institutions.

Loan facility / Repayment schedule	Consolidated and Separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
1 Promissory notes under credit facilities amounting to Baht 2,000 million, with principal repayment within the specific date of each promissory note, and interest charged at a fixed rate, payable monthly	750,000	650,000
2 Promissory notes under credit facilities amounting to Baht 2,000 million, with principal repayment within the specific date of each promissory note, and interest charged at a fixed rate, payable monthly	500,000	300,000
3 Promissory notes under credit facilities amounting to Baht 2,000 million, with principal repayment within the specific date of each promissory note, and interest charged at a fixed rate, payable monthly	100,000	-
4 Bill of exchange, with principal repayment at the date specified on each bill of exchange	1,046,526	947,233
Total	2,396,526	1,897,233

These borrowings are unsecured.

The Group and the Company are required to comply with certain terms and conditions as specified in each borrowing agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity, interest coverage ratio and the portion of the Company's shares held by the major shareholders, depending on the conditions in each agreement.

As at 31 December 2020, the bank overdrafts and short-term credit facilities of the Group and the Company which have not yet been drawn down amounted to Baht 6,870 million (2019: Baht 7,170 million).

14 Other payables

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Accrued employee expenses	623,905	430,268	623,905	430,268
Accrued interest expenses	299,637	340,390	299,637	340,390
Accrued special business tax expenses	77,038	66,862	77,038	66,862
Accrued expenses	5,714	4,045	5,614	3,865
Others	68,259	49,166	44,873	35,340
Total	1,074,553	890,731	1,051,067	876,725

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15 Long-term borrowings from financial institutions

As at 31 December 2020 and 2019, the following are long-term borrowings from local financial institutions.

	Loan facility / Repayment schedule	Consolidated and Separate financial statements	
		2020	2019
		<i>(in thousand Baht)</i>	
1	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	500,000	1,000,000
2	Credit facility amounting to Baht 500 million, repayable principal within March 2020, and interest charged at a fixed rate, payable monthly	-	500,000
3	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
4	Credit facility amounting to Baht 500 million, repayable principal within April 2020, and interest charged at a fixed rate, payable monthly	-	500,000
5	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	83,333	250,000
6	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
7	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
8	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
9	Credit facility amounting to Baht 500 million, repayable principal within June 2021, and interest charged at a fixed rate, payable monthly	500,000	500,000
10	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	187,500	437,500
11	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	1,000,000
12	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	125,000	250,000
13	Credit facility amounting to Baht 500 million, repayable principal equally every 3 months within February 2023, and interest charged at a fixed rate, payable every 3 months	375,000	-
14	Credit facility amounting to Baht 500 million, repayable principal within September 2021, and interest charged at a fixed rate, payable monthly	500,000	-
15	Credit facility amounting to Baht 1,000 million, repayable principal within April 2022, and interest charged at a fixed rate, payable every 3 months	1,000,000	-
16	Credit facility amounting to Baht 300 million, repayable principal within October 2021, and interest charged at a fixed rate, payable monthly	300,000	-

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Loan facility / Repayment schedule	Consolidated and Separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
17 Credit facility amounting to Baht 4,958 million, repayable principal within July 2022, and interest charged at a fixed rate, payable monthly	4,958,000	-
Total	10,128,833	7,037,500
Less deferred issuing costs	(3,452)	(5,842)
Net	10,125,381	7,031,658
Current portion	3,959,328	4,038,162
Non-current portion	6,166,053	2,993,496
Total	10,125,381	7,031,658

The Group and the Company are required to comply with certain terms and conditions as specified in each borrowing agreement, such as to maintain ratios of loan receivables that are no more than 3 months overdue to total borrowings, non-performing loan receivables (overdue more than 3 months) to total loan receivables, total debt to equity, interest coverage ratio and the portion of the Company's shares held by the major shareholders, depending on the conditions in each agreement.

As at 31 December 2020, the long-term credit facilities of the Group and the Company which have not yet been drawn down amounted to Baht 2,000 million (2019: Baht 1,500 million).

To hedge interest rate risk, as at 31 December 2020, the Group and the Company had outstanding commitments under interest rate swap agreements with a local commercial bank. Under such agreements, the Group and the Company will be charged at fixed interest rate in exchange for interest rate at THBFIX plus a fixed percent per annum. The interest swap agreements gradually mature amounting to Baht 125 million in November 2021 and amounting to Baht 375 million in December 2021, respectively, in line with the terms of borrowing repayment.

16 Debentures

As at 31 December 2020 and 2019, these debentures are registered, unsubordinated and unsecured debentures. Details are as follow:

Facility / Repayment schedule	Consolidated and Separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
1 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 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
3 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
4 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
5 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
6 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

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Facility / Repayment schedule		Consolidated and Separate financial statements	
		2020	2019
<i>(in thousand Baht)</i>			
7	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
8	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
9	Debenture 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
10	Debenture 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
11	Debenture 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
12	Debenture 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
13	Debenture 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
14	Debenture 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
15	Debenture 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	1,650,300
16	Debenture 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	2,349,700
17	Debenture 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	500,000
18	Debenture 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	270,000
19	Debenture 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	1,200,000
20	Debenture 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	2,043,300
21	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	1,756,700
22	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	200,000
23	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	500,000
24	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	200,000

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	Facility / Repayment schedule	Consolidated and Separate financial statements	
		2020	2019
		<i>(in thousand Baht)</i>	
25	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	500,000
26	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	500,000
27	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	1,000,000
28	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	1,500,000
29	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	500,000
30	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	1,000,000
31	Debenture amounting to Baht 1,200 million with a tenor of 2 years 3 months, maturing in June 2022, bearing interest at a fixed rate, payable every 6 months	1,200,000	-
32	Debenture amounting to Baht 900 million with a tenor of 3 years 3 months, maturing in June 2023, bearing interest at a fixed rate, payable every 3 months	900,000	-
33	Debenture amounting to Baht 900 million with a tenor of 4 years, maturing in March 2024, bearing interest at a fixed rate, payable every 3 months	900,000	-
34	Debenture amounting to Baht 2,680.8 million with a tenor of 1 year 5 months, maturing in November 2021, bearing interest at a fixed rate, payable every 3 months	2,680,800	-
35	Debenture amounting to Baht 1,319.2 million with a tenor of 3 years 5 months 2 days, maturing in November 2023, bearing interest at a fixed rate, payable every 3 months	1,319,200	-
36	Debenture amounting to Baht 2,163.40 million with a tenor of 1 years 11 months 7 days, maturing in November 2022, bearing interest at a fixed rate, payable every 3 months	2,163,400	-
37	Debenture amounting to Baht 2,836.60 million with a tenor of 2 years 11 months 19 days, maturing in November 2023, bearing interest at a fixed rate, payable every 3 months	2,836,600	-
Total		38,575,800	35,313,000
	<i>Less deferred issuing costs</i>	<i>(122,959)</i>	<i>(105,652)</i>
Net		38,452,841	35,207,348
	Current portion	12,886,772	8,733,878
	Non-current portion	25,566,069	26,473,470
Total		38,452,841	35,207,348

The Company, as debentures issuer, has a condition to maintain a debt to equity ratio at end of each fiscal year.

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17 Provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Statement of financial position				
Provisions for				
Post-employee benefits				
Defined benefit plan	<u>133,098</u>	<u>93,894</u>	<u>133,098</u>	<u>93,894</u>

Defined benefit plan

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group and the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Present value of the defined benefit obligations				
At 1 January	93,894	38,826	93,894	38,717
Include in profit or loss:				
Current service cost	33,128	10,777	33,128	10,777
Past service cost	-	22,680	-	22,680
Interest on obligation	1,593	1,195	1,593	1,195
	<u>34,721</u>	<u>34,652</u>	<u>34,721</u>	<u>34,652</u>
Included in other comprehensive income				
Actuarial (gain) loss				
- Financial assumptions	(2,735)	16,197	(2,735)	16,197
- Experience adjustment	7,470	4,275	7,470	4,384
	<u>4,735</u>	<u>20,472</u>	<u>4,735</u>	<u>20,581</u>
Benefit paid	(252)	(56)	(252)	(56)
At 31 December	<u>133,098</u>	<u>93,894</u>	<u>133,098</u>	<u>93,894</u>

On 5 April 2019, Labor Protection Act was amended that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group and the Company were amended post-employment benefit plan in 2019 in order to comply with revised Labor Protection Act.

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Principal actuarial assumptions				
	<i>(%)</i>			
Discount rate	1.8	1.7	1.8	1.7
Future salary growth	6.0	6.0	6.0	6.0
Employee turnover rate	2.5 - 20.0	2.5 - 20.0	2.5 - 20.0	2.5 - 20.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 20 years (2019: 19 years).

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Notes to the financial statements

For the year ended 31 December 2020

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Consolidated and Separate financial statements 2020

	Percent increase in assumption	Effect to the defined benefit obligations (in thousand Baht)	Percent decrease in assumption	Effect to the defined benefit obligations
Discount rate	0.5	(12,664)	0.5	14,420
Future salary growth	0.5	13,806	0.5	(12,296)
Employee turnover rate	10.0	(14,822)	10.0	17,866

Consolidated and Separate financial statements 2019

	Percent increase in assumption	Effect to the defined benefit obligations (in thousand Baht)	Percent decrease in assumption	Effect to the defined benefit obligations
Discount rate	0.5	(8,556)	0.5	9,715
Future salary growth	0.5	9,334	0.5	(8,333)
Employee turnover rate	10.0	(9,710)	10.0	11,691

18 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

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19 Segment information and disaggregation of revenue

Segment information is consistent with internal report, which is used for making a decision on resource allocation and segment evaluation. The top decision maker on operation for the company is the Chairman of the Executive Committee.

The Company's principal operations involve a single operating segment in lending business, and each of its subsidiaries is principally engaged into a single operating segment in insurance brokerage and providing hire purchase business. The Group's and the Company's operations are carried on only in Thailand. During the year, the Group has no change in segment information.

The Group has no major customers with revenues equal to 10 percent or more of their revenues.

Revenue recognition of lending business and hire purchase is on effective interest rate method over contract period. Insurance commission income is recognised at a point in time when a customer obtains control of the services.

Muangthai Capital Public Company Limited and its Subsidiaries
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For the year ended 31 December 2020

20 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Salary, wages and other employee benefits	3,675,579	3,008,687	3,675,579	3,008,529
Depreciation and amortisation expenses	1,169,326	275,738	1,169,311	275,719
Special business tax	494,000	441,780	494,000	441,780
Utilities expenses	150,739	132,757	150,739	132,757
Travelling expenses	115,561	126,052	115,560	126,049
Telecommunication expenses	57,295	57,048	57,295	57,048
Rental and service expenses	12,623	749,414	12,623	748,635
Others	469,025	522,712	467,559	521,878
Total	6,144,148	5,314,188	6,142,666	5,312,395

Contribution plans

The defined contribution plans comprise provident funds established by the Group and the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

For the years ended 31 December 2020 and 2019, the Group and the Company contributed Baht 37.03 million and Baht 27.12 million, respectively.

21 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	1,338,455	1,254,860	1,331,935	1,251,929
Over provided in prior years	(6,231)	(353)	(6,643)	(353)
	1,332,224	1,254,507	1,325,292	1,251,576
Deferred tax expense				
Movements in temporary differences	(29,648)	(199,000)	(29,452)	(198,830)
Total income tax	1,302,576	1,055,507	1,295,840	1,052,746

	Consolidated financial statements					
	2020			2019		
<i>Income tax recognised in other comprehensive income</i>	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
		<i>(in thousand Baht)</i>				
Cash flow hedges	7,930	(1,586)	6,344	3,442	(688)	2,754
Defined benefit plan actuarial losses	(4,735)	947	(3,788)	(20,471)	4,094	(16,377)
Total	3,195	(639)	2,556	(17,029)	3,406	(13,623)

Muangthai Capital Public Company Limited and its Subsidiaries
Notes to the financial statements
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<i>Income tax recognised in other comprehensive income</i>	Separate financial statements					
	Before tax	2020 Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	2019 Tax (expense) benefit	Net of tax
Cash flow hedges	7,930	(1,586)	6,344	3,442	(688)	2,754
Defined benefit plan actuarial losses	(4,735)	947	(3,788)	(20,580)	4,116	(16,464)
Total	3,195	(639)	2,556	(17,138)	3,428	(13,710)

Reconciliation of effective tax rate

	Consolidated financial statements			
	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax expense		6,516,500		5,292,975
Income tax using the Thai corporation tax rate	20.00	1,303,300	20.00	1,058,595
Effects of non-taxable income and non-deductible expenses		17,231		13,820
Additional deductions allowed for expenses		(11,724)		(16,555)
Over provided in prior years		(6,231)		(353)
Total	19.99	1,302,576	19.94	1,055,507

	Separate financial statements			
	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax expense		6,520,188		5,279,171
Income tax using the Thai corporation tax rate	20.00	1,304,038	20.00	1,055,834
Effects of non-taxable income and non-deductible expenses		10,169		13,820
Additional deductions allowed for expenses		(11,724)		(16,555)
Over provided in prior years		(6,643)		(353)
Total	19.87	1,295,840	19.94	1,052,746

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Movement in deferred tax assets and liabilities during the years ended 31 December 2020 and 2019 were as follows:

	At 1 January (Note 3)	Consolidated financial statements (Charged) / Credited to		At 31 December
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
2020				
Deferred tax assets				
Loan receivables	310,338	(45,160)	-	265,178
Hire purchase receivables	170	196	-	366
Assets foreclosed	1,020	60	-	1,080
Derivatives liabilities	2,881	-	(1,586)	1,295
Lease liabilities	-	701,448	-	701,448
Provisions for employee benefits	18,778	6,895	947	26,620
Others	6,375	15,132	-	21,507
Total	339,562	678,571	(639)	1,017,494
Deferred tax liabilities				
Loan receivables	(47,008)	48,689	-	1,681
Right-of-use assets	-	(694,941)	-	(694,941)
Others	(24,826)	(2,671)	-	(27,497)
Total	(71,834)	(648,923)	-	(720,757)
Net	267,728	29,648	(639)	296,737
2019				
Deferred tax assets				
Loan receivables	299,831	42,992	-	342,823
Hire purchase receivables	-	170	-	170
Assets foreclosed	1,820	(800)	-	1,020
Derivatives liabilities	4,575	(1,006)	(688)	2,881
Provisions for employee benefits	7,766	6,918	4,094	18,778
Others	453	5,922	-	6,375
Total	314,445	54,196	3,406	372,047
Deferred tax liabilities				
Loan receivables	(202,555)	155,547	-	(47,008)
Others	(14,083)	(10,743)	-	(24,826)
Total	(216,638)	144,804	-	(71,834)
Net	97,807	199,000	3,406	300,213

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	At 1 January (Note 3)	Separate financial statements (Charged) / Credited to		At 31 December
		Profit or loss	Other comprehensive income	
<i>(in thousand Baht)</i>				
2020				
Deferred tax assets				
Loan receivables	310,338	(45,160)	-	265,178
Assets foreclosed	1,020	60	-	1,080
Derivatives liabilities	2,881	-	(1,586)	1,295
Lease liabilities	-	701,448	-	701,448
Provisions for employee benefits	18,778	6,895	947	26,620
Others	6,375	15,132	-	21,507
Total	339,392	678,375	(639)	1,017,128
Deferred tax liabilities				
Loan receivables	(47,008)	48,689	-	1,681
Right-of-use assets	-	(694,941)	-	(694,941)
Others	(24,826)	(2,671)	-	(27,497)
Total	(71,834)	(648,923)	-	(720,757)
Net	267,558	29,452	(639)	296,371
2019				
Deferred tax assets				
Loan receivables	299,831	42,992	-	342,823
Assets foreclosed	1,820	(800)	-	1,020
Derivatives liabilities	4,575	(1,006)	(688)	2,881
Provisions for employee benefits	7,744	6,918	4,116	18,778
Others	453	5,922	-	6,375
Total	314,423	54,026	3,428	371,877
Deferred tax liabilities				
Loan receivables	(202,555)	155,547	-	(47,008)
Others	(14,083)	(10,743)	-	(24,826)
Total	(216,638)	144,804	-	(71,834)
Net	97,785	198,830	3,428	300,043

Muangthai Capital Public Company Limited and its Subsidiaries
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22 Earnings per share

<i>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht / thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	5,213,924	4,237,469	5,224,348	4,226,425
Number of ordinary shares outstanding (basic) at 31 December	2,120,000	2,120,000	2,120,000	2,120,000
Earnings per share (basic) (in Baht)	2.46	2.00	2.46	1.99

23 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (in Baht)	Amount (in thousand Baht)
2020				
Interim dividend 2019	8 April 2020	May 2020	0.30	636,000
2019				
Annual dividend 2018	18 April 2019	May 2019	0.26	551,200

24 Financial instruments

(a) Financial risk management policies

The Group's and the Company's board of directors have overall responsibility for the establishment and oversight of the Group's and the Company's risk management framework, which is responsible for developing and monitoring the Group's and Company's risk management policies.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company, through its training and management standards and procedures, aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's and the Company's audit committee oversees how management monitors compliance with the Group's and the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. The Group's and the Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(a.1) Credit risk

The Group and the Company are 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 and the Company manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Group and the Company do 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 expected credit loss as stated in the statements of financial position.

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Credit quality analysis

The following tables set out information about the credit quality as at 31 December 2020 of financial assets measured at amortised costs and hire purchase receivables without taking into account collateral or other credit enhancement.

Consolidated and Separate financial statements				
2020				
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
Loan receivables				
Current	55,209,046	-	-	55,209,046
Overdue 1 - 30 days	10,162,640	-	-	10,162,640
Overdue 31 - 60 days	-	3,399,512	-	3,399,512
Overdue 61 - 90 days	-	1,089,099	-	1,089,099
Overdue more than 90 days	-	-	584,053	584,053
Litigation receivables	-	-	162,924	162,924
Gross carrying amount	65,371,686	4,488,611	746,977	70,607,274
Less allowance for expected credit loss	(538,039)	(306,921)	(480,928)	(1,325,888)
Net carrying amount	64,833,647	4,181,690	266,049	69,281,386

As at 31 December 2019, the balances of loan receivables classified by aging of installments past due and allowance for doubtful accounts were as follows:

Consolidated and Separate financial statements				
2019				
	Loan receivables and accrued interest receivables <i>(in thousand Baht)</i>	Loan receivables and accrued interest receivables - net of collateral value ⁽¹⁾ <i>(in thousand Baht)</i>	Rate of allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Within credit terms	45,496,048	32,180,592	1	321,806
Overdue:				
1 - 30 days	9,357,082	6,334,040	1	63,340
31 - 90 days	4,778,270	3,105,673	2	62,113
91 - 180 days	235,775	235,775	100	235,775
181 - 365 days	229,555	229,555	100	229,555
More than 365 days	31,883	31,883	100	31,883
Litigation receivables	124,286	124,286	100	124,286
Total	60,252,899	42,241,804		1,068,758
Allowance for doubtful accounts - additional provision for uncollectible receivables				645,356
Total				1,714,114

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

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Consolidated financial statements
2020

	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
<i>Hire purchase receivables</i> *				
Current	345,552	-	-	345,552
Overdue 1 - 30 days	9,713	-	-	9,713
Overdue 31 - 60 days	-	3,642	-	3,642
Overdue 61 - 90 days	-	1,362	-	1,362
Overdue more than 90 days	-	-	404	404
Hire purchase receivables, net of unearned interest income	355,265	5,004	404	360,673
Less allowance for expected credit loss	(1,614)	(160)	(60)	(1,834)
Net carrying amount	353,651	4,844	344	358,839

*Hire purchase receivables, net of unearned interest income

As at 31 December 2019, the balances of hire purchase receivables classified by aging of installments past due and allowance for doubtful accounts were as follows:

Consolidated financial statements
2019

	Hire purchase receivables, net of unearned interest income <i>(in thousand Baht)</i>	Rate of allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Within credit terms	82,924	1	829
Overdue:			
1 - 30 days	1,556	1	16
31 - 90 days	317	2	6
Total	84,797		851

As at 31 December 2020, allowance for expected credit loss was as follow:

Consolidated financial statements
2020

	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
Loan receivables	538,039	306,921	480,928	1,325,888
Hire purchase receivables	1,614	160	60	1,834
Total	539,653	307,081	480,988	1,327,722

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	Separate financial statements 2020			Total
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
Loan receivables	538,039	306,921	480,928	1,325,888
Total	538,039	306,921	480,928	1,325,888

The movements in allowance for expected credit loss of loan receivables and hire purchase receivables during the year were as follows:

	Consolidated and Separate financial statements 2020			Total
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
Loan receivables				
At 1 January - restated (see note 3)	736,969	426,570	388,151	1,551,690
Change from stage reclassification	(6,044)	(9,430)	15,474	-
Change from remeasurement of ECL	(97,153)	6,802	180,581	90,230
Purchased or acquired	483,461	235,723	231,233	950,417
Write-off	(579,194)	(352,744)	(334,511)	(1,266,449)
At 31 December	538,039	306,921	480,928	1,325,888

	Consolidated financial statements 2020			Total
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
Hire purchase receivables				
At 1 January - restated (see note 3)	845	6	-	851
Change from stage reclassification	(14)	10	4	-
Change from remeasurement of ECL	(679)	129	56	(494)
Purchased or acquired	1,521	17	-	1,538
Write-off	(59)	(2)	-	(61)
At 31 December	1,614	160	60	1,834

Cash and cash equivalents

The Group's and the Company's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with a minimum credit rating of BBB+ assigned by Credit rating agency, for which the Group considers to have low credit risk.

Muangthai Capital Public Company Limited and its Subsidiaries

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Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk analysis, the Group and the Company also uses collateral as one type of credit risk mitigation to reduce potential credit losses to the Group and the Company. The Group and the Company considered the collateral value as at contractual effective date whether it is adequate to the Group's and the Company's acceptable risk. Collateral is comprised of vehicles, agricultural machinery and real estates and whose values are appraised on an initial recognition of loan receivables or hire purchase receivables.

For guarantee, the process for the analysis of guarantor's creditworthiness is aligned to credit assessment process for borrowers.

Concentrations of credit risk

The Group and the Company monitor concentrations of credit risk by type of financing which credit risk concentration of loan receivables more than 50% are in retail group comprising of agriculturer and day labour, and of hire purchase receivables more than 40% are in retail group comprising of private company employee and day labour.

Information related to ECL

Significant increase in credit risk (SICR)

When determining whether the probability of default on a financial instrument has increased significantly since initial recognition, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and including forward-looking information.

Definition of default

The Group and the Company consider a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company;
- the borrower is more than 90 days past due on any material credit obligation to the Group and the Company; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

In assessing whether a borrower is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group and the Company; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Probability of default

Credit risk grades are a primary input into the determination of the probability of default. The Group and the Company have collected repayment performance data of each receivable and input into statistical models to analyse the data collected and generate estimates of the lifetime PD based on contractual repayment. Then, the Group and the Company use the PD to estimate ECL.

Muangthai Capital Public Company Limited and its Subsidiaries
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Incorporation of forward-looking information

ECL has been estimated by the probability weighted of default over the expected life of the financial instrument. It is based on the present value of all expected cash shortfalls carried by historical loss experience data for the group of assets that the Group and the Company consider credit risk to be similar such as types of financing and adjusted by current observed data, along with supportable and reasonable future forecasts if statistically correlated can be proved. Appropriate judgements are also incorporated to estimate ECL using macroeconomic data. The Group and the Company assess both the current situation and the forecast of future economic conditions and probability weighted for each situation.

The Group and the Company use base scenario as weighted probability scenario to measure the ECL.

However, the Group and the Company review the assumptions and forecasts of the future economic situations on a regular basis. In addition, the Group and the Company also consider to provide the management overlay as a part of ECL.

(a.2) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's and the Company's operations and its cash flows. The Group and the Company are primarily exposed to interest rate risk from its lending and borrowings. The Group and the Company mitigate this risk by ensuring that the majority of its lending and borrowings are at fixed interest rates and use derivatives (interest rate swaps) to manage exposure to fluctuations in interest rates on specific borrowings.

**Exposure to interest rate risk
at 31 December**

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Financial instruments with fixed interest rates				
Financial assets	69,927,786	58,943,792	69,725,401	58,924,935
Financial liabilities	(55,822,641)	(44,736,311)	(55,795,262)	(44,720,872)
	14,105,145	14,207,481	13,930,139	14,204,063
Financial instruments with variable interest rates				
Financial assets	1,228,900	589,251	934,558	560,835
Financial liabilities	(498,211)	(996,417)	(498,211)	(996,417)
	730,689	(407,166)	436,347	(435,582)

Fair value sensitivity analysis for fixed-rate instruments

The Group and the Company do not account for any fixed-rate financial assets or financial liabilities, at FVTPL, and the Group and the Company do not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 1% in interest rates would have increased or decreased equity by Baht 2.4 million after tax. This analysis assumes that all other variables remain constant.

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Cash flow sensitivity analysis for variable-rate instruments

A reasonable possible change of 1% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

<i>At 31 December 2020</i>	Consolidated and Separate financial statements			
	Profit or loss		Equity, net of tax	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
	<i>(in thousand Baht)</i>			
Financial instruments with variable interest rate	2,991	(2,971)	2,393	(2,376)
Interest rate swaps	(2,991)	2,971	(2,393)	2,376
Cash flow sensitivity (net)	-	-	-	-

(a.3) Liquidity risk

Liquidity risk is the risk that the Group and the Company 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.

Financial assets and liabilities of the Group and the Company classified by remaining contractual maturities (undiscounted) as at 31 December 2020 and 2019 were as follows:

<i>As at 31 December</i>	Consolidated financial statements				
	Remaining maturity periods				
	At call	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	<i>(in thousand Baht)</i>				
2020					
Financial assets					
Cash and cash equivalents	1,378,094	-	-	-	1,378,094
Loan receivables ⁽¹⁾	-	39,345,737 ⁽²⁾	29,935,649	-	69,281,386
Hire purchase receivables ⁽¹⁾	-	126,429 ⁽²⁾	232,289	121	358,839
Short-term loans	-	84,999	-	-	84,999
Short-term loans - related parties	-	38	-	-	38
Restricted bank deposits	-	-	11,000	-	11,000
Other financial assets	-	42,330	-	-	42,330
Total financial assets	1,378,094	39,599,533	30,178,938	121	71,156,686
Financial liabilities					
Short-term borrowings from financial institutions	-	2,396,526	-	-	2,396,526
Other payables	-	1,074,553	-	-	1,074,553
Long-term borrowings from financial institutions	-	3,959,328	6,166,053	-	10,125,381
Debentures	-	12,886,772	25,566,069	-	38,452,841
Lease liabilities	-	838,091	2,724,457	-	3,562,548
Income tax payables	-	699,762	-	-	699,762
Other financial liabilities	-	9,241	-	-	9,241
Total financial liabilities	-	21,864,273	34,456,579	-	56,320,852

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<i>As at 31 December</i>	Consolidated financial statements				Total
	Remaining maturity periods				
	At call	Within 1 year	After 1 year but within 5 years <i>(in thousand Baht)</i>	After 5 years	
2019					
Financial assets					
Cash and cash equivalents	783,172	-	-	-	783,172
Loan receivables ⁽¹⁾	-	34,902,345 ⁽²⁾	23,636,440	-	58,538,785
Hire purchase receivables ⁽¹⁾	-	27,000 ⁽²⁾	56,946	-	83,946
Short-term loans	-	74,548	-	-	74,548
Short-term loans - related parties	-	18	-	-	18
Restricted bank deposits	-	-	10,000	-	10,000
Other financial assets	-	42,574	-	-	42,574
Total financial assets	783,172	35,046,485	23,703,386	-	59,533,043
Financial liabilities					
Short-term borrowings from financial institutions	-	1,897,233	-	-	1,897,233
Other payables	-	890,731	-	-	890,731
Long-term borrowings from financial institutions	-	4,038,162	2,993,496	-	7,031,658
Debentures	-	8,733,878	26,473,470	-	35,207,348
Lease liabilities	-	19,240	27,101	-	46,341
Income tax payables	-	607,158	-	-	607,158
Other financial liabilities	-	52,259	-	-	52,259
Total financial liabilities	-	16,238,661	29,494,067	-	45,732,728

⁽¹⁾ Net of allowance for expected credit loss (2019: allowance for doubtful accounts).

⁽²⁾ The balance of loan receivables and hire purchase receivables due within 1 year including receivables that are credit-impaired. (2019: receivables past due more than 90 days).

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<i>As at 31 December</i>	Separate financial statements				Total
	Remaining maturity periods				
	At call	Within 1 year	After 1 year but within 5 years <i>(in thousand Baht)</i>	After 5 years	
2020					
Financial assets					
Cash and cash equivalents	1,083,709	-	-	-	1,083,709
Loan receivables ⁽¹⁾	-	39,345,737 ⁽²⁾	29,935,649	-	69,281,386
Other receivables - related parties	-	167,497	-	-	167,497
Short-term loans	-	84,999	-	-	84,999
Short-term loans - related parties	-	38	-	-	38
Other financial assets	-	42,330	-	-	42,330
Total financial assets	1,083,709	39,640,601	29,935,649	-	70,659,959
Financial liabilities					
Short-term borrowings from financial institutions	-	2,396,526	-	-	2,396,526
Other payables	-	1,051,067	-	-	1,051,067
Long-term borrowings from financial institutions	-	3,959,328	6,166,053	-	10,125,381
Debentures	-	12,886,772	25,566,069	-	38,452,841
Lease liabilities	-	838,091	2,724,457	-	3,562,548
Income tax payables	-	695,869	-	-	695,869
Other financial liabilities	-	9,241	-	-	9,241
Total financial liabilities	-	21,836,894	34,456,579	-	56,293,473

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<i>As at 31 December</i>	Separate financial statements				Total
	Remaining maturity periods				
	At call	Within 1 year	After 1 year but within 5 years <i>(in thousand Baht)</i>	After 5 years	
2019					
Financial assets					
Cash and cash equivalents	743,186	-	-	-	743,186
Loan receivables ⁽¹⁾	-	34,902,345 ⁽²⁾	23,636,440	-	58,538,785
Other receivables - related parties	-	46,659	-	-	46,659
Short-term loans	-	74,548	-	-	74,548
Short-term loans - related parties	-	40,018	-	-	40,018
Other financial assets	-	42,574	-	-	42,574
Total financial assets	743,186	35,106,144	23,636,440	-	59,485,770
Financial liabilities					
Short-term borrowings from financial institutions	-	1,897,233	-	-	1,897,233
Other payables	-	876,725	-	-	876,725
Long-term borrowings from financial institutions	-	4,038,162	2,993,496	-	7,031,658
Debentures	-	8,733,878	26,473,470	-	35,207,348
Lease liabilities	-	19,240	27,101	-	46,341
Income tax payables	-	605,725	-	-	605,725
Other financial liabilities	-	52,259	-	-	52,259
Total financial liabilities	-	16,223,222	29,494,067	-	45,717,289

⁽¹⁾ Net of allowance for expected credit loss (2019: allowance for doubtful accounts).

⁽²⁾ The balance of loan receivables and hire purchase receivables due within 1 year including receivables that are credit-impaired. (2019: receivables past due more than 90 days).

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Derivative

The remaining of notional amount classified by maturity as at 31 December 2020 and 2019 are as follows:

	Consolidated and Separate financial statement		
	2020		
	Within 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	Total
<i>Interest rate related</i>			
Interest rate swap contracts	500,000	-	500,000
	Consolidated and Separate financial statement		
	2019		
	Within 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	Total
<i>Interest rate related</i>			
Interest rate swap contracts	-	1,000,000	1,000,000

(b) Carrying amounts and fair values

Financial liabilities measured at fair value

The following table analyses financial liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated and Separate financial statements			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
2020				
<i>Financial liabilities</i>				
Derivative liabilities				
- Interest rate swap	-	6,474	-	6,474
2019				
<i>Financial liabilities</i>				
Derivative liabilities				
- Interest rate swap	-	14,404	-	14,404

The fair value of derivative liabilities has been determined using a discounted future cash flow model, applying current market yield rates.

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Financial assets and liabilities not measured at fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated and Separate financial statements				
	Carrying amount	Fair value			
	Amortised cost	Level 1	Level 2 <i>(in thousand Baht)</i>	Level 3	Total
2020					
Financial assets					
Loan receivables	69,281,386	-	-	69,241,805	69,241,805
Financial liabilities					
Long-term borrowings from financial institutions	10,125,381	-	10,102,333	-	10,102,333
Debentures	38,452,841	-	33,881,710	-	33,881,710
2019					
Financial assets					
Loan receivables	58,538,785	-	-	58,517,481	58,517,481
Financial liabilities					
Long-term borrowings from financial institutions	7,031,658	-	7,056,153	-	7,056,153
Debentures	35,207,348	-	35,765,678	-	35,765,678

Financial assets and liabilities which have short-term maturity, including cash and cash equivalents, other receivables, short-term loans and short-term borrowings from financial institutions, their carrying amounts in the statement of financial position approximate their fair value.

Fair value of loan receivables is estimated by discounting expected future cash flow by the current market interest rates of the loans with similar terms and conditions.

Long-term borrowings from financial institutions bearing interest at floating rates, their carrying amounts approximate their fair value.

Fixed rate debentures and long-term borrowings from financial institutions, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the instrument with similar terms and conditions.

25 Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Muangthai Capital Public Company Limited and its Subsidiaries
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26 Commitments with non-related parties

	Consolidated and Separate financial statements	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Capital commitments</i>		
Buildings and other constructions	66,282	292,298
<i>Other commitments</i>		
Other agreements	46	803,756
Total	46	803,756

As at 31 December 2020, the Group and the Company have entered into a service agreement for office equipment. The service period was 4 years commencing from January 2018 and ending in January 2022.

27 Events after the reporting period

On 16 February 2021, a meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders for approval of a cash dividend payment of Baht 0.37 per share to the shareholders from the net profit for the year 2020, in total of Baht 784.40 million, and for approval of a budget for debenture issuance. In addition, the Company approved for increasing registered share capital of the subsidiary, Muangthai Leasing Company Limited from Baht 500 million (5 million ordinary shares at Baht 100 per share) to Baht 1,000 million (10 million ordinary shares at Baht 100 per share) through the issuance of 5 million additional shares at Baht 100 per share.

Part 4 Certification on the Correctness of Information

The Company has reviewed the information in this annual registration statement with caution. The Company hereby certifies that such information is correct, complete, not false, and does not mislead others without the lack of information that should be disclosed in the material matters. The Company also hereby certifies that:

(1) The financial statements and financial information summarized in the annual registration statement have already shown accurate and complete information about the financial position, operational performance, and cash flow of the Company and the subsidiaries.

(2) The Company provides a good information revelation system to ensure that the Company has disclosed all material information of the Company and the subsidiaries correctly and completely including supervising the implementation of the mentioned system.

(3) The Company has established a good internal control system and supervise the implementation of the mentioned system. Besides, the Company has also informed the internal control system evaluation as of the latest available date to the Company's auditor and the audit committee. This covers deficiencies and significant changes to the internal control system including any wrongdoing possibly affecting the financial reporting of the Company and the subsidiaries.

In this regard, in order to prove that all documents are the same documents that verified to be correct by the Company, the Company has assigned Mrs. Daonapa Petaumpai or Mr. Surat Chayavoradech to sign this document on every page. If any document is not signed by Mrs. Daonapa Petaumpai or Mr. Surat Chayavoradech as mentioned above, the Company will consider it not the information that the Company has certified its accuracy.

Name	Position	Signature
1. Mr. Chuchat Petaumpai	Executive Committee and Chief of the Executive Committee	- Mr. Chuchat Petaumpai -
2. Mrs. Daonapa Petaumpai	Executive Committee and Managing Director	- Mrs. Daonapa Petaumpai -
Authorized persons		
1. Mrs. Daonapa Petaumpai	Managing Director	- Mrs. Daonapa Petaumpai -
2. Mr. Surat Chayavoradech	Deputy Managing Director	- Mr. Surat Chayavoradech -

Detail of Directors of the Company

Adm. Apichat Pengsritong



- Age** ● 72 years old
- Type of Director** ● Independent Director
- Date of appointment** ● 12 September 2012
- Years in Director position** ● 8 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 in 1986
 - National Defense College Program class 4515
- Director Training**
- Directors Accreditation Program (DAP) class 82/2010
 - Risk Management Program for Corporate Leaders (RCL 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 of 31 December 2020)
- 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 2020**
- Board of Directors 9/9 times
 - Board of Independent Directors 1/1 times
 - Nomination and Remuneration Committee 2/2 times

Mr. Chuchat Petaumpai



- Age** ● 67 years old
- Type of Director** ● Director
- Date of appointment** ● 12 September 2012
- Years in Director position** ● 8 years 3 months
- Current Position** ● Director / Chairman of the Executive Committee /
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

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 Public Company Limited

Shareholding ● 710,056,400 shares Percentage 33.49 (As of 31 December 2020)

Current Position in other Listed Companies

- 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.

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 2020

- Board of Directors 9/9 times
- Risk Management Committee 2/2 times

Mrs. Daonapa Petampai



- Age** ● 67 years old
- Type of Director** ● Director
- Date of appointment** ● 12 September 2012
- Years in Director position** ● 8 years 3 months
- Current Position** ● Director / 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.
 - Assistant Branch Manager, Kasikornbank Plc
- Shareholding** ● 720,000,000 shares Percentage 33.96 (As of 31 December 2020)
- 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 2020**
 - Board of Directors 8/9 times

Kongkeaw Piamduaytham



- Age** ● 68 years old
- Type of Director** ● Independent Director
- Date of appointment** ● 12 September 2012
- Years in Director position** ● 8 years 3 months
- Current Position** ● Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee / 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 of 31 December 2020)
- 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 2020**
- Board of Directors 9/9 times
 - Audit Committee 4/4 times
 - Board of Independent Directors 1/1 times
 - Corporate Governance Committee 1/1 times

Dr. Yodhin Anavil



- Age** ● 71 years old
- Type of Director** ● Independent Director
- Date of appointment** ● 12 September 2012
- Years in Director position** ● 8 years 3 months
- Current Position** ● Director / Chairman of the Nomination and Remuneration
- 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 Accreditation Program (DAP) class 60/2006
- Directors Certification Program (DCP) class 101/2008
- Audit Committee Program (ACP) class 24/2008
- Charter Director Class (CDC) class 3/2008
- Role of The Compensation Committee (RCC) class 7/2008
- Financial Statements Demystified for Directors (FDD) class 1/2009

Shareholding ● 260,000 shares Percentage 0.012 (As of 31 December 2020)

Current Position in other Listed Companies

- 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 2020

- Board of Directors 9/9 times
- Board of Independent Directors 1/1 times
- Nomination and Remuneration Committee 2/2 times
- Corporate Governance Committee 1/1 times

Mrs. Nongnuch Dawasuwan



- Age** ● 66 years old
- Type of Director** ● Independent Director
- Date of appointment** ● 29 March 2017
- Years in Director position** ● 2 years 9 months
- Current Position** ● Director / Member of Audit Committee / Member of 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 Leasers (RCL) class 13/2018

Work Experience

- 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 2020

- Board of Directors 9/9 times
- Board of Independent Directors 1/1 times
- Audit Committee 4/4 times
- Risk Management Committee 2/2 times

Mr. Suchart Suphayak


- Age** ● 63 years old
- Type of Director** ● Independent Director
- Date of appointment** ● 17 August 2020
- Years in Director position** ● 4 month
- Current Position** ● Independent Director / Chairman of Risk Management Committee / Member of the Risk Management Committee
- Address** ● 64/16 Soi Charoen Mit, Phra Khanong Nuea, Watthana, Bangkok
- Education** ● Master of Business Administration, Chulalongkorn University
Bachelor of Accountancy, Assumption University

Director Training

- Directors Certification Program (DCP) class 72/2007
- Audit Committee Program (ACP) class 14/2007
- Director Diploma Examination class 20/2007

Shareholding - None -

Current Position in other Listed Companies

- 2551 - Present Chairman of the Corporate Governance, Nomination and Remuneration Committee of Global Connections PCL.
- 2549 - Present Member of Audit Committee of Global Connections PCL.

Current Position in other companies (not listed)

- 2018 - Present Chief Executive Officer, Fill Up Company Limited
- 2017 - Present Chairman of the Audit Committee, Advance Power Conversion Company Limited
- 2011 - Present Associate judge, Juvenile and Family Court in Prachinburi
- 2014 - 2016 Executive Committee, ITX Transport Company Limited
- 2007 - 2013 Financial Consultant, Rermudom Company Limited

Position in the Company which might be conflicts of interest - None -

The Legal Dispute - None -

Meeting attendance in 2020

- Board of Directors 3/9 times
- Board of Independent Directors 1/1 times
- Risk Management Committee 1/2 times
- Audit Committee 1/4 times

Remark : Took the Director position in accordance with the shareholder's meeting approval in 2020 on 17 August 2020.

Dr. Seauksit Petaumpai



Age ● 39 years old

Type of Director ● Director

Date of appointment ● 18 April 2020

Years in Director position ● 1 year 8 months

Current Position ● Director / Member of the Corporate Governance Committee / Member of the Nomination and Remuneration

Address ● 13 Soi Charansanitwong 83/1, Bangaor Sub-district, Bangplad District, 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

Work Experience

- 2012 - 2015 Silpakorn University International College: Guest Lecturer
- 2015 - 2020 Silpakorn University International College: Lecturer

Shareholding ● 902,100 shares Percentage 0.043 (As of 31 December 2020)

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 2020

- Board of Directors 8/9 times
- Nomination and Remuneration Committee 1/2 times
- Corporate Governance Committee 1/1 times

Full name/ Position	Age (year)	Education	Shareholding Proportion (19/11/20)	Family relationship between the directors	Past 5 years working experience			
					Period	Position	Company	Type of business
Mr. Surapong Pechaumpai Deputy Managing Director (Senior)	59	● Master of Business Administration, University of the Thai Chamber and Commerce Barrister at Law, Institute of Legal Education (Thai bar Association)	0.045	Brother of Mr. Chuchat Petaumpai	2019 - Present	Deputy Managing Director (Senior)	Muangthai Capital PCL.	Vehicle title loan
					2013 - 2018	Deputy Managing Director	Muangthai Leasing PCL.	Vehicle title loan
					2002 - 2003	Assistant Managing Director	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2003 - Present	Director	Muangthai Leasing Insurance Broker Co.,Ltd.	Insurance broker
Mr. Parithad Petampai Deputy Managing Director	38	● Master degree in Banking and international finance, Cass business school, London ● Bachelor of Engineering with Business Finance, University College London	0.127	Son of Mr. Chuchat Petaumpai and Mrs. Daonapa Petampai	2019 - Present	Deputy Managing Director	Muangthai Capital PCL.	Vehicle title loan
					2018 - 2019	Assistant Managing Director	Muangthai Capital PCL.	Vehicle title loan
					2015 - 2018	Assistant Managing Director	Muangthai Leasing PCL.	Vehicle title loan
					2010 - 2014	Marketing Manager	Real Asset Development Co.,Ltd	Real estate
					2007 - 2009	Analyst		
					2006 - 2007	Analyst	Kasikorn Bank	Banking
2019 - Present	Director	Goldman Sacks,London	Financial Institution					
Mr. Surat Chayavoradech Assistant Managing Director	51	● Master degree in Finance, Thammasat University ● Master of Business Administration, Chulalongkorn University	-	-	2019 - Present	Assistant Managing Director	Muangthai Capital PCL.	Vehicle title loan
					2013 - 2018	Assistant Managing Director	Muangthai Leasing PCL.	Vehicle title loan
					2010 - 2012	Accounting & Finance Manager	Bio-active Co.,Ltd.	Chemical
					2005 - 2009	Accounting & Finance Manager	Taiban Fishery Co.,Ltd.	Cold storage service
Ms. Duangkhae Songnuy Assistant Managing Director	53	● Master of Management and Organization, Dhurakij Pundit University	0.054	-	2019 - Present	Collection Manager	Muangthai Capital PCL	Vehicle title loan
					2015 - 2018	Collection Manager	Muangthai Leasing Plc.	Vehicle title loan
					2011 - 2015	Audit Manager	Muangthai Leasing Plc.	Vehicle title loan
					2007 - 2011	Deputy Audit Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan

Full name/ Position	Age (Year)	Education	Shareholding Proportion (19/11/20)	Family relationship between the directors	Past 5 years working experience			
					Period	Position	Company	Type of business
Ms. Vimonrat Nujul Accounting Manager	52	● Master of Accountancy, Dhurakij Pundit University	0.024	-	2019 - Present	Accounting Manager	Muangthai Capital PCL	Vehicle title loan
					2017 - 2018	Accounting Manager	Muangthai Leasing Plc.	Vehicle title loan
					2012 - 2016	Deputy Accounting Manager	Muangthai Leasing Plc.	Vehicle title loan
					2004 - 2012	Assistant Accounting Manager	Muangthai Leasing Co.,Ltd.	Vehicle title loan
					2012 - Present	Director	Muangthai Leasing Insurance Broker Co.,Ltd.	Insurance broker
Mr. Somkiat Ratsamee Branch Manager	57	● Master of Public Administration, National Institute of Development Administration (Phitsanulok)	0.010	-	2019 - Present	Branch Manager Deputy Branch Manager - Ayutthaya	Muangthai Capital PCL	Vehicle title loan
					2018 - 2019	District Manager Deputy Branch Manager - Ayutthaya	Muangthai Capital PCL	Vehicle title loan
					2016 - 2018	District Manager Assistant Branch Manager - Ayutthaya	Muangthai Leasing Plc	Vehicle title loan
					2015 - 2016	District Manager Assistant Branch Manager - Ayutthaya	Muangthai Leasing Plc	Vehicle title loan
					2011 - 2014	Assistant Branch Manager - Phitsanulok District Manager	Muangthai Leasing Plc	Vehicle title loan
Mr. Amnat Niamsee Collection Manager	56	● Master of Public Administration, National Institute of Development Administration (Phitsanulok)	0.019	-	2019 - Present	Collection Manager Deputy Manager of Branch Administration - Nakhonsawan District	Muangthai Capital Plc	Vehicle title loan
					2018 - 2019	Deputy Manager of Branch Administration - Nakhonsawan District	Muangthai Capital Plc	Vehicle title loan
					2017 - 2018	Deputy Manager of Branch Administration - Nakhonsawan District	Muangthai Leasing Plc	Vehicle title loan
					2015 - 2016	Assistant Manager of Branch Administration - Chonburi District	Muangthai Leasing Plc	Vehicle title loan
					2011 - 2014	Assistant Manager of Branch Administration - Ayudhya District	Muangthai Leasing Plc	Vehicle title loan
					2006 - 2010	Assistant Manager of Branch Administration - Phitsanuloke District	Muangthai Leasing Plc	Vehicle title loan

Full name/ Position	Age (year)	Education	Shareholding Proportion (19/11/20)	Family relationship between the directors	Past 5 years working experience			
					Period	Position	Company	Type of business
Mr. Banyat Ninsiri Assistant Branch Manager	48	● Master of Public Administration, National Institute of Development Administration (Phitsanulok)	0.007	-	2019 - Present	Assistant Manager	Muangthai Capital Plc	Vehicle title loan
					2011 - 2018	Assistant Manager	Muangthai Leasing Plc	Vehicle title loan
					2007 - 2010	Branch Manager - Thanon Boromtrai, Phitsanuloke	Muangthai Leasing Co.,Ltd.	Vehicle title loan
Mr. Niyom Rodnoi Assistant Branch Manager	50	● Bachelor degree in General Management, Phetchabun Rajabhat University	0.021	-	2019 - Present	Assistant Branch Manager	Assistant Branch Manager	Vehicle title loan
					2011 - 2018	Assistant Branch Manager	Assistant Branch Manager	Vehicle title loan
					2006 - 2010	Branch Manager - Phichit	Branch Manager - Phichit	Vehicle title loan
Mr. Pradit Thongkhum Assistant Branch Manager	55	● Bachelor of Education, Uttaradit Rajabhat University	0.009	-	2019 - Present	Deputy Branch Manager	Muangthai Leasing Plc.	Vehicle title loan
					2014 - 2018	Deputy Branch Manager	Muangthai Leasing Co.,Ltd	Vehicle title loan
Mr. Songkran Eiamkai Assistant Branch Manager	50	● Bachelor of Education, Phetchabun Rajabhat University	0.001	-	2019 - Present	Deputy Branch Manager	Muangthai Leasing Plc.	Vehicle title loan
					2014 - 2018	Deputy Branch Manager	Muangthai Leasing Co.,Ltd	Vehicle title loan

People who are assigned to be directly responsible for the supervision, control and management of the Company's accounts.

People who are assigned to directly be responsible to supervised, control and manage the accounting. Mr.Surat Chayavoradech, who is responsible for accounting, collaborate with the auditor and other related parties to assure that the Company's accounts follow Thailand's accounting standards, which are as follows: Master degree in Finance, Thammasat University

- Master of Business Administration, Chulalongkorn University

- Certified Public Accountant (CPA)

The training in 2020: Attended and trained the Financial Risk Management & Strategies in Digital World Course, class 1 and the IFRS accounting standard that affect the financial institution, Batch 8

The Company's Secretary

The Board of Director meeting No.3/2014 on 14 May 2014, the Board of Director approved to nominate Miss Monthon Onphaen who is the Company's secretary in order to align with section 89/15 of the 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's 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

2. Details about the directors of the subsidiary companies as of 31 December 2020

Name list	Muangthai Capital Public Company Limited	Muangthai Leasing Insurance Broker Company Limited	Muangthai Leasing Company Limited
Mr. Chuchat Petaumpai	/,//	/	/
Mrs. Daonapa Petumpai	/,M	/	/
Mr. Surapong Pechaumpai	M	/	-
Ms. Vimonrat Nujul	M	/	-
Mr. Parithad Petumpai	-	-	/

Remark

/ = Directos

// = Chairman of Executive Committee

M = Executives

3. Details of experience and years in position of Accounting Controller

Item	Details		
Full name	Mr.Surat Chayavoradech		
Age	51 years old		
Education	Master degree in Finance	Thammasat University	
	Master of Business Administration	Chulalongkorn University	
	Bachelor of Accountancy	Chulalongkorn University	
Appointed date	17 January 2013		
Work experience	2019 – Present	Assistant Managing Director	Muangthai Capital Plc.
	2013 – 2018	Assistant Managing Director	Muangthai Leasing Plc.
Shareholding proportion (number of shares/ percent)	-No shares-		
Family relationship between the directors	-Not any-		
Positions in other companies	-Not any-		
Director position in other companies	-Not any-		
Training	2015 ● CFO Current Issues Course 2016 ● Self-Study Continuing Professional Development (CPD) Batch 1/2016 2017 ● Self-Study Continuing Professional Development (CPD) Batch 1/2017 ● Self-Study Continuing Professional Development (CPD) Batch 2/2017 ● Preparation to be Auditor and Internal audit “Working Paper for Better Corruption Prevention” ● Orientation Course – CFO focus on financial reporting Batch 2 2018 ● Self-Study Continuing Professional Development (CPD) Batch 1/2018 2019 ● Self-Study Continuing Professional Development (CPD) Batch 1/2019 ● Self-Study Continuing Professional Development (CPD) Batch 3/2019 2020 ● Financial Risk Management & Strategies in Digital World Course Batch 1 ● Retail Credit Scoring Model Development and Application Batch 5 ● The effects of IFRS 9 accounting standard on Financial Institutions Batch 8		

Item	Details									
Full name	Miss Vimonrat Nujul									
Age	52 years old									
Education	Master of Accounting Dhurakij Pundit University Bachelor of Accounting Ramkhamhaeng University									
Appointed date	7 March 2003									
Work experience	<table border="0"> <tr> <td>2019 – Present</td> <td>Accounting Manager</td> <td>Muangthai Capital Plc.</td> </tr> <tr> <td>2017 – 2018</td> <td>Accounting Manager</td> <td>Muangthai Leasing Plc</td> </tr> <tr> <td>2012 – 2016</td> <td>Deputy Accounting Manager</td> <td>Muangthai Leasing Plc.</td> </tr> </table>	2019 – Present	Accounting Manager	Muangthai Capital Plc.	2017 – 2018	Accounting Manager	Muangthai Leasing Plc	2012 – 2016	Deputy Accounting Manager	Muangthai Leasing Plc.
2019 – Present	Accounting Manager	Muangthai Capital Plc.								
2017 – 2018	Accounting Manager	Muangthai Leasing Plc								
2012 – 2016	Deputy Accounting Manager	Muangthai Leasing Plc.								
Shareholding proportion (number of shares/percent)	504,000 shares / 0.024 percent									
Family relationship between the directors	-Not any-									
Positions in other companies	-Not any-									
Director position in other companies	Muangthai Leasing Insurance Broker Co.,Ltd.									
Training	<p>2016</p> <ul style="list-style-type: none"> ● Tax system from revenue-expenditure of business course in the end of the year / 6 hours of training ● Accounting setting techniques to correspond with financial reporting standard course / 6 hours of training <p>2017</p> <ul style="list-style-type: none"> ● Accounting standard and accurate tax transactions course/ 6.30 hours of training ● Things that should be aware when submitting financial statements in 2020 and preparation before submitting financial statements in 2021 / 6 hours of training <p>2018</p> <ul style="list-style-type: none"> ● Accounting tools and mitigate risk course / 6 hours of training ● In-depth Documents received – paid updated in under the new law course / 6 hours of training <p>2019</p> <ul style="list-style-type: none"> ● 5 Steps New TFRS 15 : affect to accounting-tax / 7 hours of training ● Accounting & Taxation Update which accountants have to know / 6 hours of training <p>2020</p> <ul style="list-style-type: none"> ● In-depth financial analysis course / 6 hours of training ● Tax benefits and accounting implications / 6.30 hours of training 									

Item	Details
Full name	Miss Monthon Onphaen
Age	47 years old
Education	Bachelor of Business Administration Program in Management Suan Dusit University (Bangkok)
Appointed date	14 May 2014
Work experience	2014 – Present Secretary of the Company Muangthai Capital Plc. 2011 – 2013 Accountant manager Muangthai Leasing Plc 2005 – 2010 Administrative manager Muangthai Leasing Plc.
Shareholding proportion (number of shares/percent)	297,500 shares / 0.014 percent
Family relationship between the directors	-Not any-
Positions in other companies	-Not any-
Director position in other companies	-Not any-
Training	2013 <ul style="list-style-type: none"> ● Company Secretary Program (CSP) course Batch 50 ** ● Effective Minute Taking (EMT) course Batch 26 2018 <ul style="list-style-type: none"> ● Anti-Corruption : The Practical Guide (ACPG) course Batch 43 2019 <ul style="list-style-type: none"> ● Annual Report and Integrated Reporting Concept Batch 1 2020 <ul style="list-style-type: none"> ● ASEAN CG Scorecard Coaching 2020 Batch 4 ** In 2013 : trained about the roles, duties and secretary's knowledge conducted by Thai Institute of Directors (IOD)

Item	Details
Full name	Mr. Chalerm Inhom
Age	45 years old
Education	Bachelor of Accountancy The University of Central Thailand, Nakhon Sawan
Work experience	2018 - Current Assistant manager of the audit department Muangthai Capital Plc. 2015 - 2018 Assistant manager of the audit department Muangthai Leasing Plc. 2008 - 2015 Audit manager Muangthai Leasing Company Limited 2002 - 2008 Audit supervisor Muangthai Leasing Company Limited 1999 - 2002 Audit officer Muangthai Leasing Company Limited
Training	<ul style="list-style-type: none"> ● Personal Data Protection Act for Internal Audit (PDPA) training conducted by Political Science Association of Kasetsart University. ● Fraud in the organization from internal audit along with internal control to set up policies on anti-fraud and anti-corruption conducted by Dharmniti Seminar and Training Company Limited. ● Anti-fraud in organization for 6 days conducted by Federation of Accounting Professions of Thailand. ● Anti-Corruption: The Practical Guide 26/2016 conducted by the Thai Institute of Directors (IOD) ● Audit report writing conducted by Federation of Accounting Professions of Thailand. ● ASEAN Corporate Governance conducted by The Institute of Internal Auditors of Thailand. ● Evidence of examination of working paper conducted by the Institute Auditors of Thailand. ● Assurance quality of the internal audit conducted by the Federal of Accounting Professions.
Responsibility	<ul style="list-style-type: none"> ● Set up an audit plan and present to the Audit Committee for approval. ● Review and evaluate the efficiency and sufficiency of the internal audit of the risk management. Also, to supervise the business operations and the adequacy of risk management policy. ● Assess the accuracy, credibility, quality and adequacy of the internal control system and the security of the information technology. ● Monitor and review the internal business operation to be aligned with the Company's plans, rules, and regulations and other related rules and regulations to assess the efficiency and quality of the internal management system. ● Report the internal audit assessment result to the Committee regularly every quarter. Also, to propose the solution to improve the process along with the operation method for the Company to have an adequate internal control system.

4. Details of assets assessment

- None

Dear Shareholders

The Audit Committee of the Company has been appointed by the Board of Directors consist of three independent directors who are qualified the set-up criteria by the Stock Exchange of Thailand and the Security and Exchange Commission. The list is as follows;

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

In 2020, 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 annual 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. Moreover, this is to ensure 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 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. Also, taking the benefits of all stakeholders and the sufficiency of information disclosures into consideration 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.

According to the SEC and SET guidelines to rotate the external auditors who have been working for 7 years, should rotate when an auditor work for 5 years. This was implied on 1 January, 2020 to maintain the independence of the external auditors in accordance to the Best Practice.

The committee agreed to nominate an external auditor from KPMG Phoomchai Audit Ltd. To be the external auditor of the Company and its subsidiaries in 2020. The name list of the auditors is as follow:

1. Mr.Chanchai Sakulkoedsin
Certified Public Accountant No 6827 and/or
2. Mr.Chokechai Ngamwutikul
Certified Public Accountant No 9728 and/or
3. Miss Sureerat Thongarungsang
Certified Public Accountant No. 4409 and/or
4. Miss Orawan Chuhakitpaisan
Certified Public Accountant No. 6105

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 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 and fair to the shareholders and other stakeholders. 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 2020 was effective, achieved all objectives assigned by the Board of Directors.

(Mrs. Kongkaew Piamduaytham)
Chairman of the Audit Committee



MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED

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