

**The Thai Credit Retail Bank Public Company Limited
and its subsidiary**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาค ไทย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

To the Shareholders of The Thai Credit Retail Bank Public Company Limited

Opinion

I have audited the consolidated and the Bank's financial statements of The Thai Credit Retail Bank Public Company Limited and its subsidiary (the "Group"), and of The Thai Credit Retail Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2019, the consolidated and the Bank's statements of profit or loss and other 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 the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2019 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 the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank 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 the Bank's 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.

A.



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 the Bank's 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 the Bank's 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 the Bank's 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 the Bank's 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 the Bank's Financial Statements

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

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group's and the Bank'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 Bank 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 Bank's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank's 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 the Bank's 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 the Bank's 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.

A.



- 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 Bank'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 Bank'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 the Bank's 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's 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.

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
28 February 2020


The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of financial position

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash		473,622	550,920	473,622	550,920
Interbank and money market items, net	7	4,415,607	4,273,434	4,415,607	4,273,434
Investments, net	8	1,693,603	1,532,422	1,693,603	1,532,422
Investments in subsidiary, net	9	-	-	150,000	100,000
Loans to customers and accrued interest receivables, net	10				
Loans to customers		50,916,142	44,770,044	50,916,142	44,770,044
Accrued interest receivables		283,999	241,881	283,999	241,881
Total loans to customers and accrued interest receivables		51,200,141	45,011,925	51,200,141	45,011,925
Less allowance for doubtful accounts	10.4, 11	(2,470,964)	(2,124,790)	(2,470,964)	(2,124,790)
Less revaluation allowance for debt restructuring	12	(241,326)	(254,542)	(241,326)	(254,542)
Total loans to customers and accrued interest receivables, net		48,487,851	42,632,593	48,487,851	42,632,593
Properties for sale, net	13	158,337	66,801	158,337	66,801
Premises and equipment, net	14	366,123	320,051	365,841	320,051
Intangible assets, net	15	161,930	151,429	153,566	147,555
Deferred tax assets	16	269,942	185,422	269,942	185,276
Other assets, net	17, 27	467,056	320,588	466,379	320,802
Total assets		56,494,071	50,033,660	56,634,748	50,129,854

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of financial position

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	18, 27	47,193,495	42,036,743	47,324,746	42,132,879
Interbank and money market items	19	1,135,121	811,443	1,135,121	811,443
Liabilities payable on demand		58,716	90,257	58,716	90,257
Provisions	20	125,739	87,876	125,739	87,876
Other liabilities	21, 27	978,431	730,926	976,608	730,401
Total liabilities		49,491,502	43,757,245	49,620,930	43,852,856
Equity					
Share capital	22				
Authorised share capital					
515,625,000 ordinary shares of Baht 10 each		5,156,250	5,156,250	5,156,250	5,156,250
Issued and paid-up share capital					
500,000,000 ordinary shares of Baht 10 each		5,000,000	5,000,000	5,000,000	5,000,000
Other reserves		36,208	20,745	36,208	20,745
Retained earnings					
Appropriated					
Legal reserve	24	100,843	64,787	100,843	64,787
Unappropriated		1,865,518	1,190,883	1,876,767	1,191,466
Equity attributable to equity holders of the Bank		7,002,569	6,276,415	7,013,818	6,276,998
Total equity		7,002,569	6,276,415	7,013,818	6,276,998
Total liabilities and equity		56,494,071	50,033,660	56,634,748	50,129,854



 Mr. Winyou Chaiyawan
 Director





 Mr. Roy Agustinus Gunara
 Director


The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of profit or loss and other comprehensive income

		Consolidated		The Bank	
		Years ended		Years ended	
		31 December		31 December	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest income	31	5,867,624	4,951,102	5,867,624	4,951,102
Interest expenses	27, 32	(1,023,405)	(900,963)	(1,023,690)	(901,132)
Net interest income		4,844,219	4,050,139	4,843,934	4,049,970
Fees and service income	27	418,553	299,141	418,553	299,141
Fees and service expenses		(272,236)	(175,869)	(272,236)	(175,869)
Net fees and service income	33	146,317	123,272	146,317	123,272
Losses on foreign exchange transactions, net		(92)	(138)	(92)	(138)
Gains on investments, net	34	623	1,735	623	1,735
Other operating income	27	145,807	58,963	152,288	59,303
Total operating income		5,136,874	4,233,971	5,143,070	4,234,142
Other operating expenses					
Employee expenses	28	2,024,523	1,626,908	2,024,523	1,626,908
Directors' remuneration	28	6,975	6,910	6,975	6,910
Premises and equipment expenses		423,526	341,566	423,526	341,566
Taxes and duties		194,651	162,777	194,651	162,777
Others	27	345,305	277,924	340,981	277,366
Total other operating expenses		2,994,980	2,416,085	2,990,656	2,415,527
Impairment loss on loans and debt securities	35	1,253,662	854,155	1,253,662	854,155
Profit from operations before income tax		888,232	963,731	898,752	964,460
Income tax	36	177,780	192,621	177,634	192,767
Profit for the year		710,452	771,110	721,118	771,693
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
(Gains) losses on remeasuring available-for-sale investments		1,365	(2,722)	1,365	(2,722)
Income tax relating to items that will be reclassified subsequently to profit or loss	36	(273)	544	(273)	544
Total items that will be reclassified subsequently to profit or loss		1,092	(2,178)	1,092	(2,178)
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit obligations	20	299	4,561	299	4,561
Income tax relating to items that will not be reclassified to profit or loss	36	(60)	(912)	(60)	(912)
Total items that will not be reclassified subsequently to profit or loss		239	3,649	239	3,649
Total other comprehensive income for the year, net of income tax		1,331	1,471	1,331	1,471
Total comprehensive income for the year		711,783	772,581	722,449	773,164

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		Years ended 31 December		Years ended 31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Profit attributable to:					
Equity holders of the Bank		710,452	771,110	721,118	771,693
Non-controlling interest		-	-	-	-
Profit for the year		<u>710,452</u>	<u>771,110</u>	<u>721,118</u>	<u>771,693</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		711,783	772,581	722,449	773,164
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		<u>711,783</u>	<u>772,581</u>	<u>722,449</u>	<u>773,164</u>
Earnings per share	37				
Basic earnings per share <i>(in Baht)</i>		<u>1.42</u>	<u>1.54</u>	<u>1.44</u>	<u>1.54</u>
Diluted earnings per share <i>(in Baht)</i>		<u>1.38</u>	<u>1.50</u>	<u>1.40</u>	<u>1.50</u>



 Mr. Winyou Chaiyawan
 Director





 Mr. Roy Agustinus Gunara
 Director

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

	Consolidated							Total equity
	Other reserves			Retained earnings			Equity attributable to equity holders of the Bank	
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	Revaluation surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserve	Legal reserve	Unappropriated		
	<i>Note</i>							
<i>(in thousand Baht)</i>								
For the year ended 31 December 2018								
Balance at 1 January 2018		5,000,000	18,675	2,388	21,063	2,300	478,611	5,501,974
<i>Contributions by owners of the Bank</i>								
Share-based payment transactions	23	-	1,860	-	1,860	-	-	1,860
Total contributions by owners of the Bank		-	1,860	-	1,860	-	-	1,860
<i>Comprehensive income for the year</i>								
Profit for the year		-	-	-	-	-	771,110	771,110
Other comprehensive income		-	-	(2,178)	(2,178)	-	3,649	1,471
Total comprehensive income for the year		-	-	(2,178)	(2,178)	-	774,759	772,581
Transfer to legal reserve	24	-	-	-	-	62,487	(62,487)	-
Balance at 31 December 2018		5,000,000	20,535	210	20,745	64,787	1,190,883	6,276,415

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of changes in equity

	The Bank						
	Issued and paid-up share capital	Reserve for share-based payments (Note 23)	Other reserves Revaluation surplus (deficit) on available-for-sale investments, net (Note 8)	Total other reserve	Retained earnings		
Note					Legal reserve	Unappropriated	Total equity
<i>(in thousand Baht)</i>							
For the year ended 31 December 2019							
Balance at 1 January 2019							
<i>Contributions by owners of the Bank</i>							
23	5,000,000	20,535	210	20,745	64,787	1,191,466	6,276,998
	-	14,371	-	14,371	-	-	14,371
<i>Total contributions by owners of the Bank</i>							
Comprehensive income for the year							
	-	-	-	-	-	721,118	721,118
	-	-	1,092	1,092	-	239	1,331
Total comprehensive income for the year							
24	-	-	1,092	1,092	-	721,357	722,449
	-	-	-	-	36,056	(36,056)	-
Balance at 31 December 2019							
	5,000,000	34,906	1,302	36,208	100,843	1,876,767	7,013,818

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Statements of cash flows

	Consolidated		The Bank	
	Years ended		Years ended	
<i>Note</i>	31 December		31 December	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	888,232	963,731	898,752	964,460
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	103,570	79,419	103,540	79,419
Impairment losses on loans	1,257,857	831,133	1,257,857	831,133
Impairment losses on other assets	9,021	6,135	9,021	6,135
Provision for employee benefits	42,730	26,729	42,730	26,729
Provision for decommissioning cost of leasehold improvement	2,374	1,861	2,374	1,861
Share-base payment	14,371	1,860	14,371	1,860
Losses on troubled debts restructuring	8,905	16,887	8,905	16,887
Reversal of revaluation allowance for debts restructuring of the disposal debt	(22,121)	-	(22,121)	-
Losses on write-off of premises and equipment	464	1,421	464	1,421
Losses on sales of properties for sale	8,859	80	8,859	80
(Gains) losses on disposal of premises and equipment	(31)	10	(31)	10
Gains on disposal of investments	(623)	(1,735)	(623)	(1,735)
Net amortisation of discount on investments	(17,732)	(6,569)	(17,732)	(6,569)
Net interest income	(4,844,219)	(4,050,139)	(4,843,934)	(4,049,970)
Interest received	5,800,534	4,898,544	5,800,534	4,898,544
Interest paid	(805,104)	(939,490)	(805,389)	(939,659)
Dividend income	(43)	(34)	(43)	(34)
Income tax paid	(212,463)	(196,955)	(212,463)	(196,955)
Profit from operations before changes in operating assets and liabilities	2,234,581	1,632,888	2,245,071	1,633,617
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(142,604)	411,328	(142,604)	411,328
Loans to customers	(7,057,781)	(5,723,915)	(7,057,781)	(5,723,915)
Properties for sale	(100,395)	(3,167)	(100,395)	(3,167)
Other assets	(152,881)	(97,342)	(152,329)	(97,556)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	5,010,745	4,198,194	5,045,860	4,294,330
Interbank and money market items	323,678	(288,087)	323,678	(288,087)
Liabilities payable on demand	(31,541)	11,985	(31,541)	11,985
Provision for employee benefits	(6,943)	(1,743)	(6,943)	(1,743)
Other liabilities	129,831	69,580	128,822	69,181
Net cash provided by operating activities	206,690	209,721	251,838	305,973

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Statements of cash flows

	<i>Note</i>	Consolidated		The Bank	
		Years ended 31 December		Years ended 31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>					
Interest received		24,589	25,478	24,589	25,478
Dividend received		43	34	43	34
Purchase of available-for-sale investments		(3,860,050)	(2,351,931)	(3,860,050)	(2,351,931)
Purchase of general investments		(250)	(113)	(250)	(113)
Proceeds from sales and redemption of available-for-sale investments		3,718,839	2,304,163	3,718,839	2,304,163
Purchase of investment in subsidiary		-	-	(50,000)	(100,000)
Purchase of premises and equipment		(131,383)	(119,752)	(131,148)	(119,752)
Proceeds from sales of premises and equipment		32	68	32	68
Purchase of intangible assets		(35,808)	(37,597)	(31,191)	(33,849)
Net cash used in investing activities		(283,988)	(179,650)	(329,136)	(275,902)
Net increase (decrease) in cash		(77,298)	30,071	(77,298)	30,071
Cash at 1 January		550,920	520,849	550,920	520,849
Cash at 31 December		473,622	550,920	473,622	550,920
Supplementary disclosures of cash flow information					
Non-cash transactions:					
Gains (losses) on remeasuring available-for-sale investments		1,365	(2,722)	1,365	(2,722)
Increase in properties for sale due to debts settlement	13	160,304	36,571	160,304	36,571
Decrease in payable for purchases of equipment		(958)	(836)	(1,028)	(836)
Decrease in payable for purchases of intangible assets		(6,632)	(4,162)	(6,512)	(4,287)

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

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2019

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The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2019

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 authorised for issue by the Board of Directors on 28 February 2020.

1 General information

The Thai Credit Retail Bank Public Company Limited, (the “Bank”), was incorporated as a limited company in Thailand on 6 October 1970 and was transformed to a public company limited on 28 July 2005. The Bank has been approved by the Ministry of Finance to operate as a retail bank in Thailand effective from 22 December 2006 and commenced its operations on 18 January 2007 onwards. The Bank registered to change its name from “Thai Kaha Credit Foncier Public Co., Ltd.” to “The Thai Credit Retail Bank Public Company Limited”.

The Bank has its registered head office at 123 Thai Life Insurance Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400.

The ultimate parent company and the immediate parent company during the financial year were V.C. Property Co., Ltd. and VNB Holding Company Limited which were incorporated in Thailand.

The principal business of the Bank are financial services under the scope of retail banking license. Its subsidiary is incorporated as a limited company under Thai laws and has been operating in Thailand. Details of the Bank’s subsidiary as at 31 December 2019 are given in note 9.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (“BoT”) notification number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3 (q).

The Group has assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

In addition, the Group has not early adopted a number of new TFRSs which are not yet effective for current period in preparing these financial statements. Those new TFRSs that are relevant to the Group’s operations are disclosed in note 38.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2019

(b) Functional and presentation currency

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

(c) Use of judgements and estimates

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of the Group'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.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amount of assets and liabilities recognised in the next financial year is included in the following notes:

Note 5	Fair value of assets and liabilities
Note 11	Allowance for doubtful accounts
Note 16	Deferred tax assets
Note 20	Provisions

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiary (together referred to as the "Group").

Subsidiary

Subsidiary is an entity 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 subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

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For the year ended 31 December 2019

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 in preparing the consolidated financial statements.

(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. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income.

(c) Cash

Cash consist of cash on hand and cash on collection of the Group.

(d) Investments

Investments in subsidiary

Investments in subsidiary in the Bank's financial statements are accounted for using the cost method.

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are stated at fair value, with any resulting gain or loss recognised in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

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For the year ended 31 December 2019

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

For government debt securities, state enterprise bonds and other domestic debt securities listed in The Thai Bond Market Association (ThaiBMA), the fair values are calculated using the bidding prices at The Thai Bond Market Association or other financial institutions, depending on the case of the mentioned fair value determination of debt securities.

In the event of transferring between investment portfolios, such investments are adjusted to their fair values at the transfer dates. Differences between the carrying amount of the investments and their fair values on those dates are either recognised as gains (losses) in profit or loss or presented as item an equity, depending on the type of the transferred investments.

Recognition

Purchases and sales of investments are recorded on settlement date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(e) Loans to customers

Overdrafts are carried at the principal amounts including accrued interest receivables.

Hire-purchase receivables are carried at the principal amounts including deferred initial commission expenses and direct costs at the inception of the contracts.

Other loans to customers are carried at the principal amounts.

Deferred revenues are deducted from loans to customers.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Notes to the financial statements

For the year ended 31 December 2019

(f) *Allowance for doubtful accounts*

According to the BoT's regulations, the Bank is allowed to categorise loans and set up the allowance for doubtful accounts on either an account-by-account basis or on a customer basis. In this respect, the Bank has chosen to categorise loans and set up the allowance for doubtful accounts on a customer basis, such that all loans extended to a customer are classified at the lowest quality category of such customer and the allowance for doubtful accounts is determined according to that classification. The Bank also performs qualitative reviews of loans and commitments in accordance with the guidelines of the BoT.

The Bank determines the minimum allowance for doubtful accounts in accordance with the BoT's notifications, regarding the Classification and Allowance of Financial Institutions dated 10 June 2016 and regarding the Collateral Appraisal and Immovable Assets for Sale Received from Debt Repayment of Finance Institutions dated 8 May 2019 including individual loan analysis and assessment with respect to the Bank's experience in credit risk evaluation and collateral value.

The Bank determines the minimum allowance for doubtful accounts in accordance with the percentage under the BoT's guidelines of the difference between the book value of outstanding loan and the present value of estimated future cash flows from the debtor, or the difference between the book value of outstanding loan and the present value of the estimated future cash flows from the disposal of collateral. Furthermore, the Bank has set aside an additional allowance for doubtful accounts in excess of the minimum BoT's requirement by consideration the additional potential loss arising from changes in economic and legal environment and other factors that may impact the ability of the debtors in meeting their obligations under the loan agreements.

Bad debts written-off are made in accordance with the requirements of the BoT.

Bad debts recovery is recorded as other operating income in profit or loss.

(g) *Troubled debt restructuring*

The Bank's troubled debt restructuring methodology includes the modification of payment schedule, reduction of principal and/or accrued interest receivables and asset transfer.

The Bank records assets transferred for debt settlements at the lower of the fair values of assets net of estimated selling expenses (if any), or the amount of investment in receivables (including accrued interest receivables).

In case of modifying repayment terms, fair value of investment in receivables after restructuring is based on the present value of the expected future cash flows discounted by the interest rates as stated on the original loan agreements. The Bank recognises loss on debt restructuring net of allowance for bad debts as expenses in profit or loss when debt restructuring incurred.

Legal fees and other direct costs incurred from debt restructuring are recognised as expenses when incurred.

(h) *Properties for sale*

Properties for sale except for repossessed vehicles are stated at the lower of costs or net realisable value which referred to the latest appraisal value net of estimated selling expenses.

The repossessed vehicles are stated at the lower of the outstanding loan principal including accrued interest receivables and output VAT submitted to the Revenue Department or fair value, net of selling costs and expenses. Fair value of the repossessed vehicles is based on the net realisable value.

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
For the year ended 31 December 2019

The impairment of the property for sales carrying amount will be realised as the allowance for impairment of the property for sales when incurred.

Gain or loss on sales of such properties for sale is realised upon disposition of the underlying asset and is included in other operating income in profit or loss.

(i) Premises and equipment

Recognition and measurement

Owned assets

Premises 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 premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Any gains or losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises 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 its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises 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 premises and equipment. The estimated useful lives are as follows:

Premises	25 years
Leasehold improvements	3 - 10 years
Furniture, fixtures and equipment	3 - 5 years
Computers and accessories	3 - 5 years
Vehicles	5 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Notes to the financial statements

For the year ended 31 December 2019

(j) *Intangible assets*

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets that are acquired by the Group and have indefinite useful lives are measured at cost less 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 for the current and comparative periods are as follows:

Computer software	3 - 10 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) *Leasehold rights*

Leasehold rights are measured at cost less accumulated amortisation and are presented as a part of “other assets” in the statements of financial position.

The amortisation of leasehold rights is calculated by the straight-line method over the lease period of 3 - 20 years.

The amortisation is recognised as other operating expenses in profit or loss.

(l) *Operating lease*

Lease not transferring a significant portion of the risks and rewards of ownership to lessee are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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(m) Impairment

The carrying amounts of the Group'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. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity investments carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale investments that are debt securities, the reversal is recognised in profit or loss. For available-for-sale investments that are equity securities, the reversal is recognised in other comprehensive income.

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.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed in profit or loss as the related service is provided.

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For the year ended 31 December 2019

Defined benefit plans

The Group'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 annually 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 other comprehensive income. The Group 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 recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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 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.

(o) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to certain senior management is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(p) *Provisions*

A provision is recognised if, as a result of a past event, the Group 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.

(q) *Measurement of fair values*

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Assistant Managing Director, Finance.

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For the year ended 31 December 2019

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group use observable market data as far as possible. 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(r) *Revenue*

Interest income and discount on loans to customers

Interest income is recognised on an accrual basis. The Bank discontinues recognition of overdue interest income more than three months since the due date or there is uncertainty of collectability, a collection basis is applied. The Bank also reverses interest income on such loans in order to comply with the BoT's notifications. The Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

The Bank recognises interest income on restructured loans on cash basis.

Interest income on factoring

The Bank recognises interest income on factoring on an accrual basis, except in the case of interest on factoring which is defaulted over three months from the due date where interest is recognised on collection basis.

The Bank reverses accrued interest income on loan to customers and factoring when its principal or interest payment has become over three months past due to comply with the BoT's notifications. The Bank continues its income recognition on the accrual basis which the entire amount of the principal and overdue interest have been paid.

Interest income from hire-purchase and leasing

Hire-purchase and leasing income are recorded as income through the installment period using the effective interest method. Interest income on hire-purchase and leasing which is over three months past due from the due date is recognised on collection basis.

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The Bank reverses accrued interest income on hire-purchase and leasing when the principal or interest payment has become over three months past due to comply with the BoT's notifications. The Bank continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest have been paid.

Interest income from investment in debt securities

Interest income from investment in debt securities is recognised on an effective interest rates over the holding periods.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Gains (losses) on sales of properties for sale

Gains (losses) on sales of properties are recognised as income or expenses in profit or loss when the significant risks and rewards in ownership of properties for sale have been transferred to the buyer.

Gains (losses) on sales of investments

Gains (losses) on sales of investments are recognised as income or expenses on the settlement date.

Fees and services income

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

Brokerage income

For the contracts that the Group 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 acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

(s) *Expenses*

The Group recognises expenses on an accrual basis.

Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and the Financial Institutions Development Fund are recorded as expenses in profit or loss on an accrual basis.

Initial commission expenses and direct cost of hire-purchase and leasing contracts

The Bank records initial commission expenses and direct cost arising from hire-purchase and leasing contracts as a part of loan to customers then recognise them as expenses using the effective interest method throughout the installment period and present these expenses net from interest income from hire-purchase and leasing.

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(t) *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 goodwill; 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 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 takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group 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 to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period 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.

(u) *Earnings per share*

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to senior management.

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(v) *Related parties*

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(w) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 Risk management

The Bank's activities expose them to a variety of finance risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Bank's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out under policies approved by the Board of Directors. The Bank's treasury identify, evaluate and hedge financial risks in close co-operation with its operating units. The Risk Oversight Committee and the Risk Management Committee provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

4.1 Credit risk

Credit risk is risk that borrowers or counterparties fail to fulfill their obligations under the financial instruments, probably due to the fact that the borrowers or counterparties had financial problems or decided not to comply with the obligations resulting in loss to the Bank. Credit risks exist in all types of financial products and activities on statement of financial position such as loans, bank overdrafts, notes and contingent liabilities such as various types of letters of guarantee. The maximum exposure of credit risk is the carrying amount of the financial instruments net of allowance for loss as shown on the statements of financial position and risks of that off-statement of financial position items arising from bank guarantee and other transactions.

The Bank defines its credit risk management policies under the supervision of the Risk Management Committee. The main objective is to efficiently manage the Bank credit risks in all aspects: policies, organisational structures, processes, and systems within an appropriated risks stated in the Bank business strategies as well as comply with regulations.

The Bank applies credit risk management in credit examination and approval process, risk and repayment ability analysis, credit operation process after credit approval, credit review, credit monitoring and debt reschedule or restructure in order to prevent and resolve any problems might occur in the future.

The Bank has set the credit risk preventing policy by setting up the "Check and Balance" in credit approval process, setting up risk-based authority, setting up various standard procedures for credit facilities under "Product Program" and setting up appropriate collateral consideration policy.

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4.2 Interest rate risk

Interest rate risk is the risk that arises from the potential of changes in interest rates which have an adverse effect on the net interest earnings of the Bank in the current reporting year and future. Interest rate risk arises from the structure and the characteristics of the Bank's assets and liabilities and the repricing mismatch of assets and liabilities.

The Bank defines policies to adjust the structure of their financial positions to be conformed to the interest direction in the future and the defined risk frame. The Bank monitors the interest direction movement and customer's behavior closely in order to assess the most realistic risk. The Bank also monitors its risk position more frequently when there are significant changes in asset and liability structures through "Repricing Gap" reporting in order to follow up the interest rate risks and net interest income sensitivity in the next 12 months.

Furthermore, the Bank also simulates the situations by increasing or decreasing its interest rate to manage its stability of net interest income regardless of the interest direction.

As at 31 December 2019 and 2018, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated 2019			
	Floating interest rate	Fixed interest rate <i>(in thousand Baht)</i>	Non- interest bearing	Total
<i>Financial assets</i>				
Cash	-	-	473,622	473,622
Interbank and money market items, net	-	4,021,454	394,153	4,415,607
Investments, net	-	1,691,520	2,083	1,693,603
Loans to customers, net of deferred revenue	36,700,588	11,725,286	2,490,268	50,916,142
Other financial assets	-	-	299,196	299,196
Total financial assets	<u>36,700,588</u>	<u>17,438,260</u>	<u>3,659,322</u>	<u>57,798,170</u>
<i>Financial liabilities</i>				
Deposits	-	47,109,584	83,911	47,193,495
Interbank and money market items	-	1,135,121	-	1,135,121
Liabilities payable on demand	-	-	58,716	58,716
Other financial liabilities	-	-	953,126	953,126
Total financial liabilities	<u>-</u>	<u>48,244,705</u>	<u>1,095,753</u>	<u>49,340,458</u>

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Consolidated				
2018				
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	550,920	550,920
Interbank and money market items, net	-	3,637,320	636,114	4,273,434
Investments, net	-	1,530,589	1,833	1,532,422
Loans to customers, net of deferred revenue	32,179,568	10,038,588	2,551,888	44,770,044
Other financial assets	-	2,468	220,997	223,465
Total financial assets	<u>32,179,568</u>	<u>15,208,965</u>	<u>3,961,752</u>	<u>51,350,285</u>
<i>Financial liabilities</i>				
Deposits	-	41,945,579	91,164	42,036,743
Interbank and money market items	-	811,443	-	811,443
Liabilities payable on demand	-	-	90,257	90,257
Other financial liabilities	-	-	715,188	715,188
Total financial liabilities	<u>-</u>	<u>42,757,022</u>	<u>896,609</u>	<u>43,653,631</u>
The Bank				
2019				
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	473,622	473,622
Interbank and money market items, net	-	4,021,454	394,153	4,415,607
Investments, net	-	1,691,520	2,083	1,693,603
Investments in subsidiary, net	-	-	150,000	150,000
Loans to customers, net of deferred revenue	36,700,588	11,725,286	2,490,268	50,916,142
Other financial assets	-	-	299,196	299,196
Total financial assets	<u>36,700,588</u>	<u>17,438,260</u>	<u>3,809,322</u>	<u>57,948,170</u>
<i>Financial liabilities</i>				
Deposits	-	47,109,594	215,152	47,324,746
Interbank and money market items	-	1,135,121	-	1,135,121
Liabilities payable on demand	-	-	58,716	58,716
Other financial liabilities	-	-	951,509	951,509
Total financial liabilities	<u>-</u>	<u>48,244,715</u>	<u>1,225,377</u>	<u>49,470,092</u>

The Thai Credit Retail Bank Public Company Limited and its subsidiary

Notes to the financial statements

For the year ended 31 December 2019

	The Bank 2018			Total
	Floating interest rate	Fixed interest rate	Non- interest bearing	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	550,920	550,920
Interbank and money market items, net	-	3,637,320	636,114	4,273,434
Investments, net	-	1,530,589	1,833	1,532,422
Investments in subsidiary, net	-	-	100,000	100,000
Loans to customers, net of deferred revenue	32,179,568	10,038,588	2,551,888	44,770,044
Other financial assets	-	2,468	221,338	223,806
Total financial assets	32,179,568	15,208,965	4,062,093	51,450,626
Financial liabilities				
Deposits	-	41,945,579	187,300	42,132,879
Interbank and money market items	-	811,443	-	811,443
Liabilities payable on demand	-	-	90,257	90,257
Other financial liabilities	-	-	714,664	714,664
Total financial liabilities	-	42,757,022	992,221	43,749,243

As at 31 December 2019 and 2018, the financial assets and liabilities classified by maturity of interest repricing periods are as follows:

	Consolidated 2019						Total
	Repricing periods				Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	<i>(in thousand Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	473,622	473,622
Interbank and money market items, net	4,021,454	-	-	-	-	394,153	4,415,607
Investments, net	850,512	775,509	65,499	-	-	2,083	1,693,603
Loans to customers, net of deferred revenue	38,754,598	3,241,745	5,809,953	619,578	2,490,268	-	50,916,142
Other financial assets	-	-	-	-	-	299,196	299,196
Total financial assets	43,626,564	4,017,254	5,875,452	619,578	2,490,268	1,169,054	57,798,170
Financial liabilities							
Deposits	30,706,558	13,680,578	2,722,448	-	-	83,911	47,193,495
Interbank and money market items	1,047,297	45,879	41,945	-	-	-	1,135,121
Liabilities payable on demand	-	-	-	-	-	58,716	58,716
Other financial liabilities	-	-	-	-	-	953,126	953,126
Total financial liabilities	31,753,855	13,726,457	2,764,393	-	-	1,095,753	49,340,458

The Thai Credit Retail Bank Public Company Limited and its subsidiary
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For the year ended 31 December 2019

	Consolidated						Total
	2018						
	Repricing periods						
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- performing assets	Non- interest bearing	
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	3,637,320	-	-	-	-	636,114	4,273,434
Investments, net	769,881	679,803	80,905	-	-	1,833	1,532,422
Loans to customers, net of deferred revenue	33,500,190	2,223,267	5,518,841	975,858	2,551,888	-	44,770,044
Other financial assets	2,468	-	-	-	-	220,997	223,465
Total financial assets	37,909,859	2,903,070	5,599,746	975,858	2,551,888	1,409,864	51,350,285
<i>Financial liabilities</i>							
Deposits	31,416,948	7,454,797	3,073,834	-	-	91,164	42,036,743
Interbank and money market items	690,782	34,017	86,644	-	-	-	811,443
Liabilities payable on demand	-	-	-	-	-	90,257	90,257
Other financial liabilities	-	-	-	-	-	715,188	715,188
Total financial liabilities	32,107,730	7,488,814	3,160,478	-	-	896,609	43,653,631
	The Bank						
	2019						
	Repricing periods						
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- performing assets	Non- interest bearing	Total
	<i>(in thousand Baht)</i>						
<i>Financial assets</i>							
Cash	-	-	-	-	-	473,622	473,622
Interbank and money market items, net	4,021,454	-	-	-	-	394,153	4,415,607
Investments, net	850,512	775,509	65,499	-	-	2,083	1,693,603
Investments in subsidiary, net	-	-	-	-	-	150,000	150,000
Loans to customers, net of deferred revenue	38,754,598	3,241,745	5,809,953	619,578	2,490,268	-	50,916,142
Other financial assets	-	-	-	-	-	299,196	299,196
Total financial assets	43,626,564	4,017,254	5,875,452	619,578	2,490,268	1,319,054	57,948,170
<i>Financial liabilities</i>							
Deposits	30,706,568	13,680,578	2,722,448	-	-	215,152	47,324,746
Interbank and money market items	1,047,297	45,879	41,945	-	-	-	1,135,121
Liabilities payable on demand	-	-	-	-	-	58,716	58,716
Other financial liabilities	-	-	-	-	-	951,509	951,509
Total financial liabilities	31,753,865	13,726,457	2,764,393	-	-	1,225,377	49,470,092

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	The Bank 2018						Total
	Repricing periods				Non- performing assets	Non- interest bearing	
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	<i>(in thousand Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	3,637,320	-	-	-	-	636,114	4,273,434
Investments, net	769,881	679,803	80,905	-	-	1,833	1,532,422
Investments in subsidiary, net	-	-	-	-	-	100,000	100,000
Loans to customers, net							
deferred revenue	33,500,190	2,223,267	5,518,841	975,858	2,551,888	-	44,770,044
Other financial assets	2,468	-	-	-	-	221,338	223,806
Total financial assets	37,909,859	2,903,070	5,599,746	975,858	2,551,888	1,510,205	51,450,626
Financial liabilities							
Deposits	31,416,948	7,454,797	3,073,834	-	-	187,300	42,132,879
Interbank and money market items	690,782	34,017	86,644	-	-	-	811,443
Liabilities payable on demand	-	-	-	-	-	90,257	90,257
Other financial liabilities	-	-	-	-	-	714,664	714,664
Total financial liabilities	32,107,730	7,488,814	3,160,478	-	-	992,221	43,749,243

The Bank and its subsidiary have earning financial assets and interest-bearing financial liabilities. The average balances of such financial assets or liabilities are calculated based on outstanding balances and averaged interest rates for the year ended 31 December 2019 and 2018 were as follows:

	Consolidated					
	2019		Average interest rate <i>(% per annum)</i>	2018		Average interest rate <i>(% per annum)</i>
	Average balance <i>(in thousand Baht)</i>	Interest		Average balance <i>(in thousand Baht)</i>	Interest	
Earning financial assets						
Interbank and money market items	4,075,255	77,625	1.90	3,656,161	68,628	1.88
Investments	1,550,213	25,403	1.64	1,416,170	21,773	1.54
Loans to customers	47,283,491	5,764,596	12.19	42,303,714	4,860,701	11.49
Total	52,908,959	5,867,624		47,376,045	4,951,102	
Interest-bearing financial liabilities						
Deposits	44,488,691	1,020,075	2.29	40,084,292	896,880	2.24
Interbank and money market items	781,310	3,330	0.43	907,715	4,083	0.45
Total	45,270,001	1,023,405		40,992,007	900,963	

The Thai Credit Retail Bank Public Company Limited and its subsidiary
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	The Bank					
	2019		2018			
	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>	Average balance <i>(in thousand Baht)</i>	Interest	Average interest rate <i>(% per annum)</i>
<i>Earning financial assets</i>						
Interbank and money market items	4,075,255	77,625	1.90	3,656,161	68,628	1.88
Investments	1,550,213	25,403	1.64	1,416,170	21,773	1.54
Loans to customers	<u>47,283,491</u>	<u>5,764,596</u>	12.19	<u>42,303,714</u>	<u>4,860,701</u>	11.49
Total	<u>52,908,959</u>	<u>5,867,624</u>		<u>47,376,045</u>	<u>4,951,102</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	44,604,195	1,020,360	2.29	40,152,089	897,049	2.23
Interbank and money market items	<u>781,310</u>	<u>3,330</u>	0.43	<u>907,715</u>	<u>4,083</u>	0.45
Total	<u>45,385,505</u>	<u>1,023,690</u>		<u>41,059,804</u>	<u>901,132</u>	

4.3 Foreign exchange rate risk

Foreign exchange rate risk is the risk that arises from the change in foreign exchange rate which may effect the value change in the financial instruments or may cause fluctuation in the income or expenses or in value of the financial assets or liabilities.

The Bank and its subsidiary have no material foreign currency transactions or balances.

4.4 Equity price risk

Investments in equity securities consist of investment in general investment held from troubled debts restructuring settlement.

Such investments in equity securities are not marketable securities. They are presented in the statements of financial positions at cost net of valuation allowance for impairment. Loss on impairment of such investments is recognised in profit or loss.

4.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its financial obligations when they are due. This risk arises from an inability to convert their assets into cash or acquire adequate funds at the appropriate cost and time which results in a loss to the Bank.

The Bank defines its liquidity risk management policies under the supervision of the Assets and Liabilities Management Committee who monitors and reviews the liquidity position on a regular basis.

The Bank will disclose Liquidity Coverage Ratio (LCR) information for the Bank as at 31 December 2019 through the Bank's website at www.tcrbank.com within April 2020.

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Financial assets and liabilities of the Bank and its subsidiary classified by maturities as at 31 December 2019 and 2018 were as follows:

	Consolidated 2019					Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in thousand Baht)	Over 5 years	
Financial assets						
Cash	-	-	-	-	-	473,622
Interbank and money market items, net	394,237	4,021,370	-	-	-	4,415,607
Investments, net	-	850,512	775,509	65,499	-	1,693,603
Loans to customers, net of deferred revenue	302,963	1,201,271	1,031,661	20,313,914	28,066,333	50,916,142
Other financial assets	-	235,011	545	-	52,826	299,196
Total financial assets	697,200	6,308,164	1,807,715	20,379,413	28,119,159	57,798,170
Financial liabilities						
Deposits	18,703,831	12,086,638	13,680,578	2,722,448	-	47,193,495
Interbank and money market items	917,279	130,018	45,879	41,945	-	1,135,121
Liabilities payable on demand	58,716	-	-	-	-	58,716
Other financial liabilities	10	160,914	783,753	4,434	-	953,126
Total financial liabilities	19,679,836	12,377,570	14,510,210	2,768,827	-	49,340,458
Net liquidity gap	(18,982,636)	(6,069,406)	(12,702,495)	17,610,586	28,119,159	8,457,712

The Thai Credit Retail Bank Public Company Limited and its subsidiary
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	At call	Within 3 months	Over 3 months to 1 year	Consolidated 2018 (in thousand Baht)			Total
				Over 1 year to 5 years	Over 5 years	No maturity	
Financial assets							
Cash	-	-	-	-	-	550,920	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,833	1,532,422
Loans to customers, net of deferred revenue	619,278	1,614,652	912,791	13,842,267	27,781,056	-	44,770,044
Other financial assets	-	168,593	41	-	44,017	10,814	223,465
Total financial assets	1,253,916	6,191,922	1,592,635	13,923,172	27,825,073	563,567	51,350,285
Financial liabilities							
Deposits	28,537,749	2,970,363	7,454,797	3,073,834	-	-	42,036,743
Interbank and money market items	526,572	164,210	34,017	86,644	-	-	811,443
Liabilities payable on demand	90,257	-	-	-	-	-	90,257
Other financial liabilities	-	71,184	619,029	23,133	-	1,842	715,188
Total financial liabilities	29,154,578	3,205,757	8,107,843	3,183,611	-	1,842	43,653,631
Net liquidity gap	(27,900,662)	2,986,165	(6,515,208)	10,739,561	27,825,073	561,725	7,696,654

The Thai Credit Retail Bank Public Company Limited and its subsidiary
Notes to the financial statements
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	The Bank 2019						
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	473,622	473,622
Interbank and money market items, net	394,237	4,021,370	-	-	-	-	4,415,607
Investments, net	-	850,512	775,509	65,499	-	2,083	1,693,603
Investments in subsidiary, net	-	-	-	-	-	150,000	150,000
Loans to customers, net of deferred revenue	302,963	1,201,271	1,031,661	20,313,914	28,066,333	-	50,916,142
Other financial assets	-	235,011	545	-	52,826	10,814	299,196
Total financial assets	697,200	6,308,164	1,807,715	20,379,413	28,119,159	636,519	57,948,170
Financial liabilities							
Deposits	18,835,082	12,086,638	13,680,578	2,722,448	-	-	47,324,746
Interbank and money market items	917,279	130,018	45,879	41,945	-	-	1,135,121
Liabilities payable on demand	58,716	-	-	-	-	-	58,716
Other financial liabilities	-	160,222	782,838	4,434	-	4,015	951,509
Total financial liabilities	19,811,077	12,376,878	14,509,295	2,768,827	-	4,015	49,470,092
Net liquidity gap	(19,113,877)	(6,068,714)	(12,701,580)	17,610,586	28,119,159	632,504	8,478,078

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	The Bank 2018					Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in thousand Baht)	Over 5 years	No maturity
Financial assets						
Cash	-	-	-	-	-	550,920
Interbank and money market items, net	634,638	3,638,796	-	-	-	4,273,434
Investments, net	-	769,881	679,803	80,905	-	1,532,422
Investments in subsidiary, net	-	-	-	-	-	100,000
Loans to customers, net of deferred revenue	619,278	1,614,652	912,791	13,842,267	27,781,056	44,770,044
Other financial assets	-	168,934	41	-	44,017	223,806
Total financial assets	1,253,916	6,192,263	1,592,635	13,923,172	27,825,073	51,450,626
Financial liabilities						
Deposits	28,633,885	2,970,363	7,454,797	3,073,834	-	42,132,879
Interbank and money market items	526,572	164,210	34,017	86,644	-	811,443
Liabilities payable on demand	90,257	-	-	-	-	90,257
Other financial liabilities	-	71,184	618,505	23,133	-	714,664
Total financial liabilities	29,250,714	3,205,757	8,107,319	3,183,611	-	43,749,243
Net liquidity gap	(27,996,798)	2,986,506	(6,514,684)	10,739,561	27,825,073	661,725
						7,701,383

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5 Fair value of assets and liabilities

5.1 Financial assets and liabilities measured at fair value

The following table analyses financial assets and 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 the Bank			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in thousand Baht)</i>			
31 December 2019				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,691,520	-	1,691,520
31 December 2018				
<i>Financial assets</i>				
Investments				
- Available-for-sale investments	-	1,530,589	-	1,530,589

Fair values of available-for-sale debt investments are Level 2. The fair values are based on the quoted bid prices at The ThaiBMA or other financial institutions at the last business day of the period.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2019 and 2018.

5.2 Financial assets and liabilities not measured at fair value

The following table shows financial assets and liabilities not measured at fair value at the reporting date. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

	Carrying amount	Consolidated			Total
		Fair value			
		Level 1	Level 2	Level 3	
		<i>(in thousand Baht)</i>			
31 December 2019					
<i>Financial assets</i>					
Investments					
- General investments	2,083	-	-	2,306	2,306
Loans to customers and accrued interest receivables, net	48,487,851	-	-	49,177,568	49,177,568
<i>Financial liabilities</i>					
Deposits	47,193,495	-	47,315,940	-	47,315,940
Interbank and money market items	1,135,121	-	1,134,920	-	1,134,920

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	Carrying amount	Consolidated Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2018					
Financial assets					
Investments					
- General investments	1,833	-	-	1,985	1,985
Loans to customers and accrued interest receivables, net	42,632,593	-	-	43,073,097	43,073,097
Financial liabilities					
Deposits	42,036,743	-	42,090,566	-	42,090,566
Interbank and money market items	811,443	-	811,065	-	811,065

	Carrying amount	The Bank Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2019					
Financial assets					
Investments					
- General investments	2,083	-	-	2,306	2,306
Loans to customers and accrued interest receivables, net	48,487,851	-	-	49,177,568	49,177,568
Financial liabilities					
Deposits	47,324,746	-	47,447,191	-	47,447,191
Interbank and money market items	1,135,121	-	1,134,920	-	1,134,920

31 December 2018					
Financial assets					
Investments					
- General investments	1,833	-	-	1,985	1,985
Loans to customers and accrued interest receivables, net	42,632,593	-	-	43,037,097	43,037,097
Financial liabilities					
Deposits	42,132,879	-	42,186,702	-	42,186,702
Interbank and money market items	811,443	-	811,065	-	811,065

The following methods and assumptions were used by the Bank and its subsidiary in estimating the fair value of financial assets and liabilities not measured at fair value as disclosed herein.

Interbank and money market items (assets and liabilities)

The interbank and money market items (assets) are deposits at the BoT, deposits at other financial institutions and loans to financial institutions which are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value.

The interbank and money market items (liabilities) are deposits and borrowing from the BoT and other financial institutions. Some are short-term or at call. Accordingly, their carrying amount is a reasonable approximation of fair value. Whereas deposits and borrowing from other financial institutions with longer than 1-year maturity, the fair values are estimated using discounted cash flow by current effective interest rates of similar remaining maturities.

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Available-for-sale investments

Fair values are calculated by using the bid prices at The ThaiBMA or other financial institutions, as the case may be.

General investments

Fair values are determined mainly based on the net asset value of the investee company.

Loans to customers

For floating-rate loans, the fair value is equal to the carrying amount.

For fixed rate loans which are classified as normal or special mention, the fair value is equal to the present value of future cash flows discounted by the contractual rate of loans.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

Deposits

Deposits are saving deposits, current accounts, fixed or certificate of deposits. These deposits are typically short-term or at call in nature. The management has assessed the existing effective rate of the deposit is a reasonable approximation of market effective rate. Accordingly, carrying amounts of saving deposits, current accounts and fixed or certificate of deposits with the 1-year maturity or less are reasonable approximation of their fair values. Whereas fixed or certificate of deposits with longer than 1-year maturity, the fair values are estimated using discounted cash flow, applying current effective interest rates offered for fixed deposits of similar remaining maturities.

Liabilities payable on demand

Liabilities payable on demand are call liabilities. Accordingly, their carrying amount is a reasonable approximation of fair value.

Other financial instruments

The fair value of other financial instruments approximate the carrying value at which they are stated on the statement of financial position.

6 Maintenance of capital fund

The Bank's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

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Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. As at 31 December 2019 and 2018, the Bank's total capital funds could be categorised as follows:

	The Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Tier 1 Capital		
Paid-up share capital	5,000,000	5,000,000
Warrants	34,906	20,535
Legal reserve	100,843	64,787
Net profits after appropriation	1,401,956	741,218
Other reserves	1,302	210
Less Capital deduction items on CET1	(423,508)	(332,832)
Total Tier 1 Capital	6,115,499	5,493,918
Tier 2 Capital		
Allowance for classified assets of "pass" category	478,205	412,148
Total Tier 2 Capital	478,205	412,148
Total Capital funds	6,593,704	5,906,066
Total Risk-Weighted Assets	45,979,586	39,027,081

	The BoT's regulation minimum requirement	2019	The BoT's regulation minimum requirement (%)	2018
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.00	14.34	10.375	15.13
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.50	13.30	7.875	14.08
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.00	13.30	6.375	14.08

As at 31 December 2019 and 2018, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy and capital risk exposure information for the Bank as at 31 December 2019 through the Bank's website at www.tcrbank.com within April 2020.

Capital management

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking Business B.E. 2551.

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7 Interbank and money market items, net (assets)

	Consolidated and the Bank					
	2019		2018		Total	
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Bank of Thailand	170,393	820,000	990,393	496,559	37,000	533,559
Commercial banks	223,844	2,400,000	2,623,844	138,074	2,400,000	2,538,074
Specialised financial institutions	-	800,000	800,000	-	1,200,000	1,200,000
Total	394,237	4,020,000	4,414,237	634,633	3,637,000	4,271,633
Add accrued interest receivables	-	1,370	1,370	-	1,801	1,801
Total domestic	394,237	4,021,370	4,415,607	634,633	3,638,801	4,273,434

8 Investments, net

8.1 Classified by type of investments

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Available-for-sale investments - Fair value		
Government and state enterprise securities	1,391,048	1,455,545
Private enterprises debt securities	300,472	75,044
Total	1,691,520	1,530,589
General investment - Cost		
Domestic non-marketable equity securities	2,083	1,833
Total	2,083	1,833
Total investments	1,693,603	1,532,422

As at 31 December 2019 and 2018, the Bank and its subsidiary had some investments in securities pledged as collateral as disclosed in note 25.

As at 31 December 2019 and 2018, the Bank and its subsidiary did not have investment in any entity in which the Bank and its subsidiary held 10% or more of the paid up share capital of the investee company.

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8.2 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2019 and 2018, revaluation surplus (deficit) on investments is summarised as follows:

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Debt securities		
Revaluation surplus on investments	1,537	229
Revaluation deficit on investments	-	(457)
Surplus on reclassification	90	490
Net revaluation surplus on investments	1,627	262
Less deferred tax	(325)	(52)
Net	1,302	210

8.3 Classified by the remaining periods to maturity of the debt securities

	Consolidated and the Bank					
	2019			2018		
	Remaining periods		Total	Remaining periods		Total
	Within 1 year	Over 1 year to 5 years		Within 1 year	Over 1 year to 5 years	
	<i>(in thousand Baht)</i>					
Available-for-sale investments						
Government and state enterprises securities	1,334,873	55,078	1,389,951	1,394,522	61,177	1,455,699
Private enterprise debt securities	290,032	10,000	300,032	55,119	20,000	75,119
Total	1,624,905	65,078	1,689,983	1,449,641	81,177	1,530,818
Add/(less) allowance for revaluation	1,116	421	1,537	43	(272)	(229)
Total	1,626,021	65,499	1,691,520	1,449,684	80,905	1,530,589

9 Investments in subsidiary, net

Company	Type of business	Type of share	The Bank		Cost		Dividend income for the year ended 31 December	
			Percentage of ownership interest		2019	2018	2019	2018
			2019	2018	<i>(in thousand Baht)</i>			
			(<i>%)</i>					
Subsidiary								
Thai Micro Digital Solutions Co., Ltd.	Financial services	Ordinary	100.00	100.00	150,000	100,000	-	-
Total					150,000	100,000	-	-

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10 Loans to customers and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Overdrafts	268,988	347,699
Loans	47,805,380	41,098,783
Notes	1,211,098	1,624,339
Hire-purchase receivables	1,630,676	1,699,223
Loans to customers net of deferred revenue	50,916,142	44,770,044
Add accrued interest receivables	283,999	241,881
Total loans to customers net of deferred revenue and accrued interest receivables	51,200,141	45,011,925
Less allowance for doubtful accounts		
- Minimum provision according to the BoT's requirement	(1,429,983)	(1,426,809)
- Excess provision	(1,040,981)	(697,981)
Less revaluation allowance for debt restructuring	(241,326)	(254,542)
Loans to customers and accrued interest receivables, net	48,487,851	42,632,593

As at 31 December 2019, there were non-performing loans amounting to Baht 2,490.27 million for which the Bank has ceased recognition of interest income on accrual basis (2018: Baht 2,551.89 million).

During the year ended 31 December 2019, the Bank sold parts of its loans to customers to third parties as a total price of Baht 503.79 million (2018: Baht 261.94 million). The Bank had already received payments as amount of Baht 503.79 million (2018: Baht 261.94 million).

10.2 Classified by currency and residency of debtors

	Consolidated and the Bank	
	2019	2018
	Domestic	Domestic
	<i>(in thousand Baht)</i>	
Baht	50,916,142	44,770,044
Total*	50,916,142	44,770,044

* Loans to customers net of deferred revenue

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10.3 Classified by business type and quality of loan classification

	Consolidated and the Bank 2019					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	634,175	42,417	11,097	9,062	9,834	706,585
Manufacturing and commerce	21,712,045	1,720,966	496,568	546,444	702,870	25,178,893
Property development and construction	4,757,566	409,201	43,856	41,293	38,059	5,289,975
Infrastructure and services	7,230,947	525,980	88,110	95,695	61,479	8,002,211
Housing loans	3,045,177	361,356	76,314	44,984	84,213	3,612,044
Others	7,632,328	353,716	44,626	33,587	62,177	8,126,434
Total*	45,012,238	3,413,636	760,571	771,065	958,632	50,916,142

	Consolidated and the Bank 2018					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	624,460	33,993	11,339	12,069	1,076	682,937
Manufacturing and commerce	19,237,216	1,670,495	413,862	491,783	829,511	22,642,867
Property development and construction	4,095,592	359,539	41,089	48,458	55,915	4,600,593
Infrastructure and services	6,620,572	411,728	65,452	64,066	124,661	7,286,479
Housing loans	2,598,334	387,928	59,641	88,822	72,069	3,206,794
Others	5,861,933	316,366	28,460	40,901	102,714	6,350,374
Total*	39,038,107	3,180,049	619,843	746,099	1,185,946	44,770,044

* Loans to customers net of deferred revenue.

10.4 Classified by loan classification

	Consolidated and the Bank 2019			
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Minimum rates required (%)	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum provision according to the BoT's requirement				
Pass	45,258,755	17,356,232	1	170,277
Special mention	3,451,118	817,073	2	12,169
Sub-standard	760,571	486,490	100	475,478
Doubtful	771,065	402,490	100	389,441
Doubtful of loss	958,632	398,690	100	382,618
Total*	51,200,141	19,460,975		1,429,983
Excess provision				1,040,981
Total				2,470,964

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	Consolidated and the Bank			
	2018			
	Loans to customers and accrued interest receivables <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum provision according to the BoT's requirement				
Pass	39,249,603	12,739,501	1	123,572
Special mention	3,210,434	799,052	2	12,249
Sub-standard	619,843	358,091	100	350,301
Doubtful	746,099	449,426	100	431,923
Doubtful of loss	1,185,946	534,037	100	508,764
Total*	<u>45,011,925</u>	<u>14,880,107</u>		<u>1,426,809</u>
Excess provision				697,981
Total				<u>2,124,790</u>

* Loans to customers net of deferred revenue and accrued interest receivables

10.5 Non-performing loans

As at 31 December 2019 and 2018, the Bank and its subsidiary had non-performing loans (NPLs) according to the BoT's regulations. Such non-performing loans consisted of loans classified as sub-standard, doubtful and doubtful of loss under the BoT's regulations, as follows:

	Consolidated and the Bank	
	2019	2018
Net NPLs (principal net of allowance for doubtful accounts)		
NPLs after allowance for doubtful accounts on NPLs <i>(in thousand Baht)</i>	1,242,731	1,260,900
Total loans after allowance for doubtful accounts on NPLs <i>(in thousand Baht)</i>	49,668,605	43,479,056
Percentage of net NPLs (%)	2.50	2.90
NPLs (principal)		
NPLs <i>(in thousand Baht)</i>	2,490,268	2,551,888
Total loans <i>(in thousand Baht)</i>	50,916,142	44,770,044
Percentage of NPLs (%)	4.89	5.70

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10.6 Troubled debt restructuring

Detail of customers whose debts have been restructured as at 31 December 2019 and 2018 compared with the total customers, in the financial statements, were as follows:

	Consolidated and the Bank			
	2019		2018	
	Number of loans <i>(items)</i>	Outstanding balance after restructuring <i>(in thousand Baht)</i>	Number of loans <i>(items)</i>	Outstanding balance after restructuring <i>(in thousand Baht)</i>
Restructured debts	3,252	7,210,713	2,917	7,151,710
Total customers	195,903	50,916,142	144,347	44,770,044

Details of customers whose debts have been restructured during the years ended 31 December 2019 and 2018 were as follows:

<i>For the years ended 31 December</i>	Consolidated and the Bank					
	2019			2018		
Restructuring method	Number of loans <i>(items)</i>	Outstanding balance before restructuring <i>(in thousand Baht)</i>	Outstanding balance after restructuring	Number of loans <i>(items)</i>	Outstanding balance before restructuring <i>(in thousand Baht)</i>	Outstanding balance after restructuring
Modifications of terms of receivables	573	1,243,569	1,234,664	428	1,438,288	1,278,683
Total	573	1,243,569	1,234,664	428	1,438,288	1,278,683

As at 31 December 2019 and 2018, the weighted average terms of the above mentioned restructuring were 8.42 years and 9.48 years, respectively.

For the years ended 31 December 2019 and 2018, the Bank and its subsidiary recognised losses from troubled debt restructuring amounting to Baht 8.91 million and Baht 16.89 million, respectively in the consolidated profit or loss and the profit or loss. The Bank and its subsidiary also recognised interest income from the restructured loans amounting to Baht 432.88 million and Baht 336.33 million, respectively in the consolidated profit or loss and the profit or loss.

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As at 31 December 2019 and 2018, the outstanding balances of troubled debt restructuring receivables were classified as follows:

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Pass	3,854,961	3,662,885
Special mention	2,395,234	2,177,232
Sub-standard	326,745	244,127
Doubtful	357,425	322,107
Doubtful loss	276,348	745,359
Total	<u>7,210,713</u>	<u>7,151,710</u>

10.7 Hire-purchase receivables

	Consolidated and the Bank			Total
	2019			
	Portion due within 1 year	Portion due over 1 year but within 5 years <i>(in thousand Baht)</i>	Portion due over 5 years	
Hire-purchase receivables	680,422	938,455	11,799	1,630,676
<i>Less</i> unearned interest income	-	-	-	-
Present value of minimum lease payments receivables	<u>680,422</u>	<u>938,455</u>	<u>11,799</u>	1,630,676
<i>Less</i> allowance for doubtful accounts				<u>(64,801)</u>
Hire-purchase receivables, net				<u>1,565,875</u>

	Consolidated and the Bank			Total
	2018			
	Portion due within 1 year	Portion due over 1 year but within 5 years <i>(in thousand Baht)</i>	Portion due over 5 years	
Hire-purchase receivables	727,099	966,812	5,312	1,699,223
<i>Less</i> unearned interest income	-	-	-	-
Present value of minimum lease payments receivables	<u>727,099</u>	<u>966,812</u>	<u>5,312</u>	1,699,223
<i>Less</i> allowance for doubtful accounts				<u>(110,283)</u>
Hire-purchase receivables, net				<u>1,588,940</u>

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11 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the years were as follow:

	Consolidated and the Bank						Total
	2019						
	Minimum provision according to the BoT's requirement						
Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess provision		
	<i>(in thousand Baht)</i>						
At 1 January	123,572	12,249	350,301	431,923	508,764	697,981	2,124,790
Allowance for doubtful accounts	46,828	(80)	203,616	302,100	336,694	343,000	1,232,158
Bad debt written-off	(123)	-	(42,643)	(179,183)	(14,730)	-	(236,679)
Allowance for doubtful accounts of the disposed debts	-	-	(35,796)	(165,399)	(448,110)	-	(649,305)
At 31 December	170,277	12,169	475,478	389,441	382,618	1,040,981	2,470,964

	Consolidated and the Bank						Total
	2018						
	Minimum provision according to the BoT's requirement						
Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess provision		
	<i>(in thousand Baht)</i>						
At 1 January	102,290	7,212	212,261	320,905	589,404	512,981	1,745,053
Allowance for doubtful accounts	21,680	21,526	138,072	131,647	304,576	185,000	802,501
Bad debt written-off	(53)	(16,489)	-	(5,285)	(9,497)	-	(31,324)
Allowance for doubtful accounts of the disposed debts	(345)	-	(32)	(15,344)	(375,719)	-	(391,440)
At 31 December	123,572	12,249	350,301	431,923	508,764	697,981	2,124,790

12 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	254,542	237,655
Increase during the year	8,905	16,887
Reversal of revaluation allowance for debt restructuring of the disposed debts	(22,121)	-
At 31 December	241,326	254,542

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13 Properties for sale, net

During the years 2019 and 2018, changes to the properties for sale, net were as follows:

	At 1 January 2019	Consolidated and the Bank		At 31 December 2019
		Additions	Disposals	
		<i>(in thousand Baht)</i>		
Assets from settlement of debts				
- Immovable assets	66,536	96,165	(11,296)	151,405
- Movable asset	445	64,139	(57,472)	7,112
Total	66,981	160,304	(68,768)	158,517
Less allowance for impairment losses	(180)	-	-	(180)
Net	66,801	160,304	(68,768)	158,337

	At 1 January 2018	Consolidated and the Bank		At 31 December 2018
		Additions	Disposals	
		<i>(in thousand Baht)</i>		
Assets from settlement of debts				
- Immovable assets	60,183	6,353	-	66,536
- Movable asset	3,711	30,218	(33,484)	445
Total	63,894	36,571	(33,484)	66,981
Less allowance for impairment losses	(180)	-	-	(180)
Net	63,714	36,571	(33,484)	66,801

As at 31 December 2019 and 2018, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	121,993	37,124
- Appraised by internal appraisers	29,412	29,412
Total	151,405	66,536

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14 Premises and equipment, net

During the years 2019 and 2018, changes in premises and equipment were as follows:

	Premises	Leasehold improvement	Consolidated		Others	Total
			Furniture fixtures and equipment	Computers and accessories		
			<i>(in thousand Baht)</i>			
Cost						
At 1 January 2018	66,090	179,779	159,265	141,849	467	547,450
Additions	-	41,321	33,039	32,233	13,994	120,587
Transfers in (out)	-	5,610	58	-	(5,668)	-
Disposals	-	-	(1,828)	-	-	(1,828)
Write-off	-	(4,045)	(1,866)	(2,632)	(467)	(9,010)
At 31 December 2018 and 1 January 2019	66,090	222,665	188,668	171,450	8,326	657,199
Additions	-	64,110	32,041	27,181	7,093	130,425
Transfers in (out)	-	13,424	1,701	-	(15,125)	-
Disposals	-	-	(65)	-	-	(65)
Write-off	-	(327)	(7,564)	(3,486)	-	(11,377)
At 31 December 2019	66,090	299,872	214,781	195,145	294	776,182
Accumulated depreciation						
At 1 January 2018	(1,854)	(62,099)	(113,076)	(106,531)	(2)	(283,562)
Depreciation charge for the year	(2,644)	(22,140)	(20,628)	(17,485)	(28)	(62,925)
Disposals	-	-	1,750	-	-	1,750
Write-off	-	3,242	1,703	2,615	29	7,589
At 31 December 2018 and 1 January 2019	(4,498)	(80,997)	(130,251)	(121,401)	(1)	(337,148)
Depreciation charge for the year	(2,642)	(35,974)	(25,220)	(20,053)	-	(83,889)
Disposals	-	-	65	-	-	65
Write-off	-	221	7,216	3,476	-	10,913
At 31 December 2019	(7,140)	(116,750)	(148,190)	(137,978)	(1)	(410,059)
Net book value						
At 1 January 2018	64,236	117,680	46,189	35,318	465	263,888
At 31 December 2018 and 1 January 2019	61,592	141,668	58,417	50,049	8,325	320,051
At 31 December 2019	58,950	183,122	66,591	57,167	293	366,123

The gross amount of the Group's fully depreciated premises and equipment that was still in use at 31 December 2019 amounted to Baht 204.41 million (2018: Baht 151.51 million).

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 83.89 million, and Baht 62.93 million, respectively.

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	The Bank					Total
	Premises	Leasehold improvement	Furniture fixtures and equipment <i>(in thousand Baht)</i>	Computers and accessories	Others	
Cost						
At 1 January 2018	66,090	179,779	159,265	141,849	467	547,450
Additions	-	41,321	33,039	32,233	13,994	120,587
Transfers in (out)	-	5,610	58	-	(5,668)	-
Disposals	-	-	(1,828)	-	-	(1,828)
Write-off	-	(4,045)	(1,866)	(2,632)	(467)	(9,010)
At 31 December 2018 and 1 January 2019	66,090	222,665	188,668	171,450	8,326	657,199
Additions	-	64,110	31,984	26,933	7,093	130,120
Transfers in (out)	-	13,424	1,701	-	(15,125)	-
Disposals	-	-	(65)	-	-	(65)
Write-off	-	(327)	(7,564)	(3,486)	-	(11,377)
At 31 December 2019	66,090	299,872	214,724	194,897	294	775,877
Accumulated depreciation						
At 1 January 2018	(1,854)	(62,099)	(113,076)	(106,531)	(2)	(283,562)
Depreciation charge for the year	(2,644)	(22,140)	(20,628)	(17,485)	(28)	(62,925)
Disposals	-	-	1,750	-	-	1,750
Write-off	-	3,242	1,703	2,615	29	7,589
At 31 December 2018 and 1 January 2019	(4,498)	(80,997)	(130,251)	(121,401)	(1)	(337,148)
Depreciation charge for the year	(2,642)	(35,974)	(25,217)	(20,033)	-	(83,866)
Disposals	-	-	65	-	-	65
Write-off	-	221	7,216	3,476	-	10,913
At 31 December 2019	(7,140)	(116,750)	(148,187)	(137,958)	(1)	(410,036)
Net book value						
At 1 January 2018	<u>64,236</u>	<u>117,680</u>	<u>46,189</u>	<u>35,318</u>	<u>465</u>	<u>263,888</u>
At 31 December 2018 and 1 January 2019	<u>61,592</u>	<u>141,668</u>	<u>58,417</u>	<u>50,049</u>	<u>8,325</u>	<u>320,051</u>
At 31 December 2019	<u>58,950</u>	<u>183,122</u>	<u>66,537</u>	<u>56,939</u>	<u>293</u>	<u>365,841</u>

The gross amount of the Bank's fully depreciated premises and equipment that was still in use at 31 December 2019 amounted to Baht 204.41 million (2018: Baht 151.51 million).

Depreciation presented in the profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 83.87 million and Baht 62.93 million, respectively.

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15 Intangible assets, net

During the years 2019 and 2018, changes in intangible assets were as follows:

	Consolidated			
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software during developments	Total
Cost				
At 1 January 2018	166,920	32,621	21,399	220,940
Additions	16,811	-	25,200	42,011
Transfers in (out)	6,623	-	(6,623)	-
At 31 December 2018 and 1 January 2019	190,354	32,621	39,976	262,951
Additions	14,941	-	14,235	29,176
Transfers in (out)	5,973	-	(5,973)	-
At 31 December 2019	211,268	32,621	48,238	292,127
Accumulated amortisation				
At 1 January 2018	(96,034)	-	-	(96,034)
Amortisation for the year	(15,488)	-	-	(15,488)
At 31 December 2018 and 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the year	(18,675)	-	-	(18,675)
At 31 December 2019	(130,197)	-	-	(130,197)
Net book value				
At 1 January 2018	70,886	32,621	21,399	124,906
At 31 December 2018 and 1 January 2019	78,832	32,621	39,976	151,429
At 31 December 2019	81,071	32,621	48,238	161,930

The gross amount of the Group's fully amortised intangible assets that was still in use as at 31 December 2019 amounted to Baht 73.11 million (2018: Baht 67.28 million).

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 18.68 million and Baht 15.49 million, respectively.

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	The Bank			
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	Total
Cost				
At 1 January 2018	166,920	32,621	21,399	220,940
Additions	16,811	-	21,326	38,137
Transfers in (out)	6,623	-	(6,623)	-
At 31 December 2018 and 1 January 2019	190,354	32,621	36,102	259,077
Additions	14,780	-	9,899	24,679
Transfers in (out)	5,973	-	(5,973)	-
At 31 December 2019	211,107	32,621	40,028	283,756
Accumulated amortisation				
At 1 January 2018	(96,034)	-	-	(96,034)
Amortisation for the year	(15,488)	-	-	(15,488)
At 31 December 2018 and 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the year	(18,668)	-	-	(18,668)
At 31 December 2019	(130,190)	-	-	(130,190)
Net book value				
At 1 January 2018	70,886	32,621	21,399	124,906
At 31 December 2018 and 1 January 2019	78,832	32,621	36,102	147,555
At 31 December 2019	80,917	32,621	40,028	153,566

The gross amount of the Bank's fully amortised intangible assets that was still in use as at 31 December 2019 amounted to Baht 73.11 million (2018: Baht 67.28 million).

Amortisation presented in the profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 18.67 million and Baht 15.49 million respectively.

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16 Deferred tax assets

Movements in deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	At 1 January 2019	Consolidated (Charged) / Credited to:		At 31 December 2019
		Profit or loss	Other comprehensive income	
		(note 36)		
		(in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	74,613	-	239,648
Properties for sale	36	-	-	36
Provisions	17,575	7,633	(60)	25,148
Reserve for share-based payment	4,108	2,874	-	6,982
Others	146	(146)	-	-
Total	186,900	84,974	(60)	271,814
Deferred tax liabilities				
Loans to customers and accrued interest receivables	-	-	-	-
Premises and equipment	(1,424)	(122)	-	(1,546)
Others	(54)	1	(273)	(326)
Total	(1,478)	(121)	(273)	(1,872)
Net	185,422	84,853	(333)	269,942
		(note 36)		
		(in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	117,696	47,339	-	165,035
Properties for sale	36	-	-	36
Provisions	13,117	5,370	(912)	17,575
Reserve for share-based payment	3,736	372	-	4,108
Others	-	146	-	146
Total	134,585	53,227	(912)	186,900
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	114	-	-
Premises and equipment	(1,308)	(116)	-	(1,424)
Others	(598)	-	544	(54)
Total	(2,020)	(2)	544	(1,478)
Net	132,565	53,225	(368)	185,422

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	At 1 January 2019	The Bank (Charged) / Credited to:		At 31 December 2019
		Profit or loss	Other comprehensive income	
			(note 36)	
		(in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	74,613	-	239,648
Properties for sale	36	-	-	36
Provisions	17,575	7,633	(60)	25,148
Reserve for share-based payment	4,108	2,874	-	6,982
Others	-	-	-	-
Total	186,754	85,120	(60)	271,814
Deferred tax liabilities				
Loans to customers and accrued interest receivables	-	-	-	-
Premises and equipment	(1,424)	(122)	-	(1,546)
Others	(54)	1	(273)	(326)
Total	(1,478)	(121)	(273)	(1,872)
Net	185,276	84,999	(333)	269,942

	At 1 January 2018	The Bank (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
			(note 36)	
		(in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	117,696	47,339	-	165,035
Properties for sale	36	-	-	36
Provisions	13,117	5,370	(912)	17,575
Reserve for share-based payment	3,736	372	-	4,108
Others	-	-	-	-
Total	134,585	53,081	(912)	186,754
Deferred tax liabilities				
Loans to customers and accrued interest receivables	(114)	114	-	-
Premises and equipment	(1,308)	(116)	-	(1,424)
Others	(598)	-	544	(54)
Total	(2,020)	(2)	544	(1,478)
Net	132,565	53,079	(368)	185,276

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17 Other assets, net

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deferred leasehold rights	6,703	7,709	6,703	7,709
Accrued fee income	109,547	38,069	109,547	38,069
Accrued interest income	2,989	2,175	2,989	2,175
Prepaid expenses	172,977	110,888	172,958	110,770
Supplies	5,184	3,678	5,184	3,678
Deposits and guarantee	52,826	44,017	52,826	44,017
Accounts receivable - counter service	56,687	38,192	56,687	38,192
Other receivables, net	11,516	12,297	11,516	12,297
Advance to customers	42,474	28,917	42,474	28,917
Others	6,153	34,646	5,495	34,978
Total	467,056	320,588	466,379	320,802

18 Deposits

18.1 Classified by type of deposits

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current	83,911	91,164	215,152	187,300
Savings	18,619,920	28,446,585	18,619,930	28,446,585
Term	28,489,664	13,498,994	28,489,664	13,498,994
Total	47,193,495	42,036,743	47,324,746	42,132,879

18.2 Classified by currency and residency of depositors

	Consolidated		The Bank	
	2019	2018	2019	2018
	Domestic		Domestic	
	<i>(in thousand Baht)</i>			
Thai Baht	47,193,495	42,036,743	47,324,746	42,132,879
Total	47,193,495	42,036,743	47,324,746	42,132,879

19 Interbank and money market items (liabilities)

	Consolidated and the Bank					
	2019		2018			
	At call	Term	Total	At call	Term	Total
	<i>(in thousand Baht)</i>					
Domestic						
Specialised financial institutions	-	206,188	206,188	-	281,823	281,823
Other financial institutions	917,279	11,654	928,933	526,572	3,048	529,620
Total domestic	917,279	217,842	1,135,121	526,572	284,871	811,443

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20 Provisions

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Provision for post-employment benefits	112,687	77,199
Provision for decommissioning cost of leasehold improvement	13,052	10,677
Total	<u>125,739</u>	<u>87,876</u>

Provision for post-employment benefits

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for		
Post-employment benefits		
Defined benefit plan	<u>112,687</u>	<u>77,199</u>
Total	<u>112,687</u>	<u>77,199</u>

For the years ended 31 December

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Statement of profit or loss and other comprehensive income		
Recognised in profit or loss		
Post-employment benefits		
Defined benefit plan	<u>42,730</u>	<u>26,729</u>
	<u>42,730</u>	<u>26,729</u>
Recognised in other comprehensive income		
Actuarial gains recognised in the year	(299)	(4,561)

The Bank and its subsidiary operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2562 (2019) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

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<i>Present value of the defined benefit obligations</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
At 1 January	77,199	56,774
Include in profit or loss		
Current service cost	36,351	25,394
Past service cost	4,580	-
Interest on obligation	1,799	1,335
	<u>42,730</u>	<u>26,729</u>
Included in other comprehensive income		
Actuarial gains	(299)	(4,561)
	<u>(299)</u>	<u>(4,561)</u>
Other		
Benefit paid	(6,943)	(1,743)
	<u>(6,943)</u>	<u>(1,743)</u>
At 31 December	<u>112,687</u>	<u>77,199</u>

Actuarial losses (gains) recognised in other comprehensive income arising from:

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Demographic assumptions	9,788	1,216
Financial assumptions	6,783	(537)
Experience adjustment	(16,870)	(5,240)
Total	<u>(299)</u>	<u>(4,561)</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and the Bank	
	2019	2018
	<i>(% per annum)</i>	
Discount rate	1.45	2.33
Future salary growth	5.00	5.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 7.91 years (2018: 7.14 years).

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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 the Bank	
	Increase	Decrease
	<i>(in thousand Baht)</i>	
At 31 December 2019		
Discount rate (1% movement)	(8,195)	9,254
Future salary growth (1% movement)	8,326	(7,541)
At 31 December 2018		
Discount rate (1% movement)	(4,637)	5,198
Future salary growth (1% movement)	4,710	(4,293)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

21 Other liabilities

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Value added tax payable	6,455	4,502	6,455	4,502
Other payables - purchase of assets	1,277	7,725	1,277	7,725
Accrued interest expenses	169,483	97,189	169,483	97,189
Other payables	41,413	25,385	41,054	25,385
Accrued expenses	499,836	425,137	498,579	424,622
Withholding tax payable	18,851	11,245	18,644	11,235
Accrued specific business tax	17,142	14,288	17,142	14,288
Corporate income tax	194,492	141,862	194,492	141,862
Others	29,482	3,593	29,482	3,593
Total	978,431	730,926	976,608	730,401

22 Share capital

	Par value per share <i>(in Baht)</i>	2019		2018	
		Number	Amount	Number	Amount
		<i>(in thousand shares / thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	10	515,625	5,156,250	515,625	5,156,250
At 31 December					
- ordinary shares	10	515,625	5,156,250	515,625	5,156,250
Issued and paid-up					
At 1 January					
- ordinary shares	10	500,000	5,000,000	500,000	5,000,000
At 31 December					
- ordinary shares	10	500,000	5,000,000	500,000	5,000,000

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23 Share-based payments

Stock options

The Bank awards stock options of the Bank to certain senior management.

The Extraordinary General Meeting held on 22 March 2019 passed a resolution to modify the first program of the warrant which was issued and approved by the Annual General Meeting held on 27 March 2014 and the second program of the warrant which the Extraordinary General Meeting held on 28 February 2017, in the total amount of 15.625 million warrants. Exercise ratio is 1 warrant for 1 ordinary share at the exercise price of Baht 10 per ordinary share. The expiration date was modified from 27 March 2019 to 31 March 2022. The incremental fair value is Baht 0.89 per warrant.

Management has estimated the fair value using the Binomial valuation model by engaging the valuation specialist. The weighted average option price as at 31 December 2018 is Baht 3.44 per option. The Bank expects that there will be no material impact from using data as at 31 December 2018 for the valuation, compared with modification date. The risk-free interest rate is the implied yield on zero-coupon Thailand government bonds, with a remaining life equal to the expected life of the option. The expected volatility is estimated for giving consideration to, amongst other things, the historical volatility of pass listed in the Stock Exchange of Thailand for the period that commensurate with the expected life of the option. The 0% dividend yield assumption has been adopted for valuation. In addition, the effects of early exercise is included.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Weighted average exercise price (Baht / share)	Number of warrants (million warrants)
At 1 January 2018	10	15.625
At 31 December 2018 and 1 January 2019	10	15.625
At 31 December 2019	10	15.625

As at 31 December 2019 and 2018, share options outstanding and its expired date and exercise prices were as follow:

	Exercise price (Baht / share)	2019 (million warrants)	2018
Expired date:			
27 March 2019	10	-	15.625
31 March 2022	10	15.625	-

As at 31 December 2019, the remaining contractual life of the total 15.625 million warrants (2018: 15.625 million warrants) was 2.23 years (2018: 0.25 years).

For the years ended 31 December 2019 and 2018, the Group and the Bank had stock options expense recognised in the consolidated profit or loss and profit or loss during the year amounting to Baht 14.37 million and Baht 1.86 million, respectively.

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24 Reserve

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 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

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

25 Assets pledged as collateral and under restriction

As at 31 December 2019 and 2018, the Bank and its subsidiary had investments in securities under obligations and restrictions were as follow:

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Investments in securities		
- Pledged as collateral for private repo under the BoT	400,000	261,000
- Pledged as other collaterals	50	50
Total	400,050	261,050

26 Contingent liabilities and commitments

26.1 Contingent liabilities

	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Avals to bills	-	3,963
Other contingencies		
- Other guarantees	168,756	140,740
- Amount of unused bank overdrafts	174,919	183,106
Total	343,675	327,809

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As at 31 December 2019 and 2018, the Bank and its subsidiary had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

26.2 Commitments

As at 31 December 2019 and 2018, the Bank and its subsidiary had commitments resulted by entering into a number of contracts and agreements as follow:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
Intangible assets	10,371	24,775	10,371	17,763
Total	10,371	24,775	10,371	17,763
Other commitments				
Other agreements	230,143	187,090	206,802	186,894
Total	230,143	187,090	206,802	186,894

27 Related parties

Relationships with subsidiary are described in note 9. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entity	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thai and other nationalities	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiary, directly or indirectly, including any director of the Bank and its subsidiary.
V.C. Property Co., Ltd.	Thailand	The ultimate parent company of the Bank
VNB Holding Company Limited	Thailand	The parent company of the Bank owning 59.97% of the Bank's paid-up share capital.
Thai Life Insurance Public Company Limited	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital.
OCA Investment Holdings I Pte. Ltd.	Singapore	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital. (After 8 July 2019)
Polaris Capital Investment Limited	Hong Kong	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital. (Before 8 July 2019)
Thai Micro Digital Solutions Co., Ltd.	Thailand	Subsidiary, 100.00% shareholding
Thai Health Insurance Public Company Limited	Thailand	Entity in the same group company
Thai Paiboon Insurance Public Company Limited	Thailand	Entity in the same group company
Thachaisri Co., Ltd.	Thailand	Entity in the same group company

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Name of entity	Country of incorporation/ nationality	Nature of relationship
Piam Anan Co., Ltd.	Thailand	Entity in the same group company
Pathum Thani Jutemill Co., Ltd.	Thailand	Entity in the same group company
C.Laing Co., Ltd.	Thailand	Entity in the same group company
Sakhorn Liquor Co., Ltd.	Thailand	Entity in the same group company
V.One Asset Co., Ltd.	Thailand	Entity in the same group company
Chaiyawan Co., Ltd.	Thailand	Entity in the same group company
Yad Sampan Co., Ltd.	Thailand	Entity in the same group company
Thaikhum Co.,Ltd.	Thailand	Entity in the same group company
V.73 Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
C.12 Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Thunchai Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Chai Brothers Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Sukhothai Assets Management Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders

The pricing policies for particular types of transactions were explained further below:

Transactions	Pricing policies
Interest expenses	Market rate
Fee and service income	Contractually agreed price
Other operating income	Contractually agreed price
Other operating expenses	Contractually agreed price

Significant related parties transactions for the years ended 31 December 2019 and 2018 with related parties were as follows:

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Interest expenses				
Parent company	17	4	17	4
Subsidiary	-	-	286	169
Major shareholders	1,129	1,221	1,129	1,221
Other related parties	2,110	2,711	2,110	2,711
Key management personnel of the Bank	1,240	803	1,240	803
Fees and service income				
Subsidiary	-	-	6,000	6,000
Major shareholders	256,987	185,389	256,987	185,389
Other related parties	159,895	85,938	159,895	85,938
Other operating income				
Parent company	160	113	160	113
Subsidiary	-	-	480	340

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<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other operating expenses				
Major shareholders	7,845	8,199	7,845	8,199
Other related parties	30,741	30,421	30,741	30,421

Balances as at 31 December 2019 and 2018 with related parties were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other assets				
Parent company	-	113	-	113
Subsidiary	-	-	-	340
Major shareholders	39,710	19,795	39,710	19,795
Other related parties	21,285	27,667	21,285	27,667
Deposits				
Parent company	2,808	37	2,808	37
Subsidiary	-	-	131,251	96,136
Major shareholders	612,772	369,537	612,772	369,537
Other related parties	150,257	178,608	150,257	178,608
Key management personnel of the Bank	88,881	67,298	88,881	67,298
Other liabilities				
Major shareholders	36	22	36	22
Other related parties	120	93	120	93
Key management personnel of the Bank	333	60	333	60

Significant agreements with related parties

The Bank has office rental agreements with the parent and the subsidiary for a period of 3 years. The Bank receives the rental fee as specified in the agreements.

The Bank has shared service agreement with the parent and the subsidiary. The scope of services comprises of Accounting, Information technology, Human resource, Compliance and internal audit, Legal, Operational risk management, Operations, General administration, Financial analysis and strategic planning and Product development and digital product development. The Bank receives the service fee as specified in the agreements.

28 Other benefits to directors and persons with managing authority

For the years ended 31 December 2019 and 2018, benefits to key management personnel were as follows:

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Short-term benefits	164,210	95,171
Post-employment benefits	7,345	4,926
Reserve for share based payment	14,371	1,860
Total	185,926	101,957

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29 Operating leases

The Bank and its subsidiary have entered into a number of lease agreements and service agreements. The future payments from the dates on the statements of financial position were summarised as follows:

Future minimum lease payment

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within 1 year	133,523	110,179	127,996	110,179
Over 1 year but within 5 years	140,273	91,622	122,459	91,622
Over 5 years	1,152	154	1,152	154
Total	274,948	201,955	251,607	201,955

Amounted recognised in profit or loss

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Lease expense	142,848	120,601	142,848	120,601

30 Financial position and results of operations classified by domestic and foreign business

The Bank and its subsidiary mainly operates in a single segment, which is banking business carrying out in Thailand only. Most revenues, expenses, profit, assets and liabilities are as reflected in the financial statements pertaining to the aforementioned industry and geographic area.

31 Interest income

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Interbank and money market items	77,625	68,628
Investments in debt securities	25,403	21,773
Loans to customers	5,626,151	4,716,836
Hire-purchase	138,445	143,865
Total	5,867,624	4,951,102

32 Interest expenses

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deposits	808,339	705,497	808,624	705,666
Interbank and money market items	3,330	4,083	3,330	4,083
Contribution to Deposit Protection Agency and BoT	211,736	191,383	211,736	191,383
Total	1,023,405	900,963	1,023,690	901,132

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33 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated and The Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Fee and service income		
- Acceptances, aval and guarantees	2,381	2,925
- Management fee	64,087	51,732
- Brokerage fee	340,187	236,357
- Others	11,898	8,127
Total	418,553	299,141
Fee and service expenses		
- Fee and service expenses on ATM	(11,213)	(10,191)
- Loan guarantee commission expenses	(198,417)	(128,716)
- Legal fee	(15,533)	(16,065)
- Collection and recovery expenses	(25,864)	(8,809)
- Others	(21,209)	(12,088)
Total	(272,236)	(175,869)
Net	146,317	123,272

34 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Gains on sales		
- Available-for-sale investments	623	1,735
Total	623	1,735

35 Impairment loss on loans and debt securities

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2019	2018
	<i>(in thousand Baht)</i>	
Bad debts and doubtful accounts		
- Loans to customers	1,257,857	831,133
- Other receivables	9,021	6,135
Loss on debt restructuring	8,905	16,887
Reversal of revaluation allowance for debt restructuring of the disposed debts	(22,121)	-
Total	1,253,662	854,155

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36 Income tax expense

Income tax recognised in profit or loss

<i>For the years ended 31 December</i>	<i>Note</i>	Consolidated		The Bank	
		2019	2018	2019	2018
			<i>(in thousand Baht)</i>		
Current tax					
Current period		262,921	244,224	262,921	244,224
(Over) under provided in prior years		(288)	1,622	(288)	1,622
		<u>262,633</u>	<u>245,846</u>	<u>262,633</u>	<u>245,846</u>
Deferred tax income					
Movements in temporary differences	16	(84,853)	(53,225)	(84,999)	(53,079)
Total		<u>177,780</u>	<u>192,621</u>	<u>177,634</u>	<u>192,767</u>

Income tax recognised in other comprehensive income

<i>For the years ended 31 December</i>	Consolidated and the Bank					
	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax benefit (expense)	Net of tax
			<i>(in thousand Baht)</i>			
Available-for-sale investments	1,365	(273)	1,092	(2,722)	544	(2,178)
Defined benefit plan actuarial gains	299	(60)	239	4,561	(912)	3,649
Total	<u>1,664</u>	<u>(333)</u>	<u>1,331</u>	<u>1,839</u>	<u>(368)</u>	<u>1,471</u>

Reconciliation of effective tax rate

<i>For the years ended 31 December</i>	Consolidated			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		888,232		963,731
Income tax using the Thai corporation tax rate	20.00	177,646	20.00	192,746
Tax effect of income or expenses that are not taxable income or expenses	0.05	422	(0.18)	(1,747)
(Over) under provided in prior years	(0.03)	(288)	0.17	1,622
Total	<u>20.02</u>	<u>177,780</u>	<u>19.99</u>	<u>192,621</u>

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<i>For the years ended 31 December</i>	The Bank			
	2019		2018	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax		<u>898,752</u>		<u>964,460</u>
Income tax using the Thai corporation tax rate	20.00	179,750	20.00	192,892
Tax effect of income or expenses that are not taxable income or expenses	(0.20)	(1,828)	(0.18)	(1,747)
(Over) under provided in prior years	(0.03)	(288)	0.17	1,622
Total	<u>19.77</u>	<u>177,634</u>	<u>19.99</u>	<u>192,767</u>

37 Earnings per share

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Profit attributable to ordinary shareholders for the years ended 31 December</i>				
Profit attributable to ordinary shareholders of the Bank (basic) and (diluted)	<u>710,452</u>	<u>771,110</u>	<u>721,118</u>	<u>771,693</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding (basic) at 31 December	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Effect of exercise of share options	<u>15,625</u>	<u>15,625</u>	<u>15,625</u>	<u>15,625</u>
Number of ordinary shares outstanding (diluted) at 31 December	<u>515,625</u>	<u>515,625</u>	<u>515,625</u>	<u>515,625</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>1.42</u>	<u>1.54</u>	<u>1.44</u>	<u>1.54</u>
Earnings per share (diluted) <i>(in Baht)</i>	<u>1.38</u>	<u>1.50</u>	<u>1.40</u>	<u>1.50</u>

38 Thai Financial reporting standards (TFRSs) not yet adopted

New TFRSs which relevant to the Group's operations are expected to have material impact on the consolidate and the Bank's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

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(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

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. TFRS 9 shall replace current accounting policies of the Group on recognition of both interest expense and interest income at the rate specified in the contract.

(iii) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account based on relevant BoT's criteria and regulations 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 will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

(iv) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading.

Transition

The Group expects to initially adopt these TFRSs by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRSs to comparative information.

Management has developed a number of models to estimate the ECL allowance in accordance with TFRS 9 and the Bank of Thailand notification and guidelines. The management estimated that the ECL allowance according to the TFRS 9 impairment model was lower than the allowance for doubtful accounts as at 31 December 2019.

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The management is in process to assess the impact from uncertain events in the future that might not be reflected in the current credit models which may require to provide additional ECL allowance as management overlay. Management expects that there will be no additional ECL allowance required to be recorded by the Bank as at 1 January 2020, based on current results from the models and estimation of management overlay, compared to allowance for doubtful accounts recorded under the existing requirement as at 31 December 2019.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 29. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Transition

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The Group has made the preliminary impact assessment of initially applying TFRS 16 on the financial statements. The expected impact on total assets is approximately 2% for consolidated financial statements and 2% for the Bank's financial statements, and the impact on total liabilities is approximately 2% for consolidated financial statements and 2% for the Bank's financial statements.

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39 Reclassification of accounts

Certain accounts in statements of profit or loss and other comprehensive income for the year ended 31 December 2018 have been reclassified to conform to the presentation in the 2019 financial statements. Significant reclassifications were as follows:

	Consolidated and the Bank		
	Before reclassification	Reclassification <i>(in thousand Baht)</i>	After reclassification
<i>Statements of profit or loss and other comprehensive income</i>			
<i>For the year ended 31 December 2018</i>			
Employee expenses	1,625,048	1,860	1,626,908
Directors' remuneration	8,770	<u>(1,860)</u>	6,910
		<u> -</u>	

The reclassifications have been made because, in the opinion of management, the new reclassifications are more appropriate to the Group's business.