

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

Interim financial statements
for the six-month period ended
30 June 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Board of Directors of The Thai Credit Retail Bank Public Company Limited

Opinion

I have audited the interim 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 30 June 2020, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim 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 30 June 2020 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

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 Interim 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 interim 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.

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Responsibilities of Management and Those Charged with Governance for the Interim Consolidated and the Bank's Financial Statements

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

In preparing the interim 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 Interim Consolidated and the Bank's Financial Statements

My objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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.
- 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 interim 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.

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- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank's financial statements, including the disclosures, and whether the interim 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 interim 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 August 2020

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of financial position

Assets	Note	Consolidated		The Bank	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
<i>(in thousand Baht)</i>					
Cash		429,013	473,622	429,013	473,622
Interbank and money market items, net	10	9,659,562	4,415,607	9,659,562	4,415,607
Investments, net	11	4,807,643	1,693,603	4,807,643	1,693,603
Investments in subsidiary, net	12	-	-	150,000	150,000
Loans to customers and accrued interest receivables, net	13	58,740,596	48,487,851	58,740,596	48,487,851
Properties for sale, net	15	151,308	158,337	151,308	158,337
Premises and equipment, net	16, 31	1,097,080	366,123	1,096,801	365,841
Intangible assets, net	17	150,984	161,930	142,919	153,566
Deferred tax assets	18	210,345	269,942	210,345	269,942
Other assets, net	19, 29	478,395	467,056	481,562	466,379
Total assets		75,724,926	56,494,071	75,869,749	56,634,748

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of financial position

	Note	Consolidated		The Bank	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
<i>(in thousand Baht)</i>					
Liabilities and equity					
Liabilities					
Deposits	20, 29	61,165,032	47,193,495	61,291,603	47,324,746
Interbank and money market items	21	4,934,605	1,135,121	4,934,605	1,135,121
Liabilities payable on demand		122,399	58,716	122,399	58,716
Provisions	22	143,579	125,739	143,579	125,739
Other liabilities	23, 29, 31	1,737,138	978,431	1,733,019	976,608
Total liabilities		68,102,753	49,491,502	68,225,205	49,626,930
Equity					
Share capital					
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		36,896	36,208	36,896	36,208
Retained earnings					
Appropriated					
Legal reserve	26	100,843	100,843	100,843	100,843
Unappropriated		2,484,434	1,865,518	2,506,805	1,876,767
Equity attributable to equity holders of the Bank		7,622,173	7,002,569	7,644,544	7,013,818
Total equity		7,622,173	7,002,569	7,644,544	7,013,818
Total liabilities and equity		75,724,926	56,494,071	75,869,749	56,634,748



 Mr. Winyou Chaiyawan
 Director





 Mr. Roy Agustinus Gunara
 Director

The accompanying notes are an integral part of these interim 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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Interest income	33	3,432,760	2,736,406	3,432,760	2,756,406
Interest expenses	29, 34	548,091	485,813	548,235	485,931
Net interest income		2,884,669	2,270,593	2,884,525	2,270,475
Fees and service income	29	213,275	172,802	214,154	172,802
Fees and service expenses		186,980	119,314	186,977	119,314
Net fees and service income	35	26,295	53,488	27,177	53,488
Loss on foreign exchange transactions, net		(8)	(91)	(8)	(91)
Gains on investments, net	36	7	420	7	420
Other operating income	29	55,911	43,074	58,911	46,305
Total operating income		2,966,874	2,367,484	2,970,612	2,370,597
Other operating expenses					
Employee expenses	30	1,099,152	1,024,517	1,095,649	1,024,517
Directors' remuneration	30	4,840	3,575	4,840	3,575
Premises and equipment expenses		246,242	198,998	245,323	198,998
Taxes and duties		101,015	92,910	101,013	92,910
Others	29	131,773	163,474	128,813	162,706
Total other operating expenses		1,583,022	1,483,474	1,575,638	1,482,706
Expected credit loss	37	590,528	-	590,528	-
Impairment loss on loans and debt securities	37	-	578,017	-	578,017
Profit from operations before income tax		793,324	305,993	804,446	309,874
Income tax	38	32,737	62,552	32,737	63,328
Profit for the period		760,587	243,441	771,709	246,546
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on investments in debt instruments					
at fair value through other comprehensive income		638	-	638	-
Losses on remeasuring available-for-sale investments		-	(87)	-	(87)
Income tax relating to items that will be reclassified					
subsequently to profit or loss	38	(128)	17	(128)	17
Total items that will be reclassified subsequently to profit or loss		510	(70)	510	(70)
Total other comprehensive income for the period,					
net of income tax		510	(70)	510	(70)
Total comprehensive income for the period		761,097	243,371	772,219	246,476

The accompanying notes are an integral part of these interim 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	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Profit attributable to:					
Equity holders of the Bank		760,587	243,441	771,709	246,546
Non-controlling interest		-	-	-	-
Profit for the period		760,587	243,441	771,709	246,546
Total comprehensive income attributable to:					
Equity holders of the Bank		761,097	243,371	772,219	246,476
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		761,097	243,371	772,219	246,476
Earnings per share	39				
Basic earnings per share <i>(in Baht)</i>		1.52	0.49	1.54	0.49
Diluted earnings per share <i>(in Baht)</i>		1.48	0.47	1.50	0.48

 Mr. Wisaya Chaiyawan Director		 Mr. Roy Agustinus Gunara Director
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The accompanying notes are an integral part of these interim financial statements.

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of changes in equity

Note	Consolidated									
	Other reserves					Retained earnings				
	Issued and paid-up share capital	Reserve for share-based payments (Note 25)	Revaluation surplus on available-for-sale investments, net (Note 11)	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Total equity
(in thousand Baht)										
Six-month period ended 30 June 2020										
Balance at 31 December 2019 - as reported	5,000,000	34,966	1,302	-	-	36,208	100,843	1,865,518	7,002,569	7,002,569
Impact of changes in accounting policies	-	-	(1,302)	1,302	178	178	-	(141,671)	(141,493)	(141,493)
Balance at 1 January 2020 - restated	5,000,000	34,966	-	1,302	178	36,386	100,843	1,723,847	6,861,076	6,861,076
Contributions by owners of the Bank										
Share-based payment transactions	-	-	-	-	-	-	-	-	-	-
Total contributions by owners of the Bank	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	760,587	760,587	760,587
Other comprehensive income	-	-	-	510	-	510	-	-	510	510
Total comprehensive income for the period	-	-	-	510	-	510	-	760,587	761,097	761,097
Balance at 30 June 2020	5,000,000	34,966	-	1,812	178	36,896	100,843	2,484,434	7,622,173	7,622,173

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of changes in equity

Note	Consolidated										Total equity
	Other reserves					Retained earnings					
	Issued and paid-up share capital	Reserve for share-based payments (Note 25)	Revaluation surplus on available-for-sale investments, net (Note 11)	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank		
	5,000,000	20,535	210	-	-	20,745	64,787	1,190,883	6,276,415	6,276,415	
<i>(in thousand Baht)</i>											
25	-	14,371	-	-	-	14,371	-	-	14,371	14,371	
	-	14,371	-	-	-	14,371	-	-	14,371	14,371	
Six-month period ended 30 June 2019											
Balance at 1 January 2019											
Contributions by owners of the Bank											
Share-based payment transactions											
Total contributions by owners of the Bank											
Comprehensive income for the period											
Profit for the period											
Other comprehensive income											
Total comprehensive income for the period											
	5,000,000	34,906	140	-	-	35,046	64,787	1,434,324	6,534,157	6,534,157	
Balance at 30 June 2019											

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of changes in equity

		The Bank											
		Other reserves			Retained earnings								
		Revaluation											
		Revaluation surplus on investments in debt instruments at fair value through other comprehensive income		Revaluation surplus on investments in equity instruments at fair value through comprehensive income		Total other reserves		Legal reserve		Unappropriated		Total equity	
Note	Issued and paid-up share capital	Reserve for share-based payments (Note 25)	Revaluation surplus on available-for-sale investments, net (Note 11)	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	Total equity				
Six-month period ended 30 June 2020													
	5,000,000	34,906	1,302	-	-	36,208	100,843	1,876,767	7,013,818				
J	-	-	(1,302)	1,302	178	178	-	(141,671)	(141,693)				
	5,000,000	34,906	-	1,302	178	36,386	100,843	1,735,096	6,872,325				
(in thousand Baht)													
Contributions by owners of the Bank													
25	-	-	-	-	-	-	-	-	-				
Total contributions by owners of the Bank													
Comprehensive income for the period													
	-	-	-	-	-	-	-	771,709	771,709				
	-	-	-	510	-	510	-	-	510				
Total comprehensive income for the period													
	-	-	-	510	-	510	-	771,709	772,219				
	5,000,000	34,906	-	1,812	178	36,896	100,843	2,506,805	7,644,544				

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of changes in equity

		The Bank						
		Other reserves			Retained earnings			
		<i>(in thousand Baht)</i>						
	Note	Issued and paid-up share capital	Reserve for share-based payments (Note 25)	Revaluation surplus on available-for-sale investments, net of revaluation surplus on debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Legal reserve	Unappropriated	Total equity
				Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves		
Six-month period ended 30 June 2019								
		5,000,000	20,535	210	-	20,745	1,191,466	6,276,998
Balance at 1 January 2019								
	25	-	14,371	-	-	14,371	-	14,371
Contributions by owners of the Bank								
		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Total contributions by owners of the Bank								
		-	-	-	-	-	-	-
Comprehensive income for the period								
		-	-	-	-	-	246,546	246,546
		-	-	(70)	-	(70)	-	(70)
Total comprehensive income for the period								
		-	-	(70)	-	(70)	246,546	246,476
Balance at 30 June 2019								
		5,000,000	34,966	140	-	35,046	1,438,012	6,537,845

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of cash flows

	Consolidated		The Bank	
	Six-month periods ended		Six-month periods ended	
	30 June		30 June	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	793,324	305,993	804,446	309,874
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	158,689	47,345	158,356	47,345
Expected credit loss	390,528	-	390,528	-
Impairment losses on loans and debt securities	-	585,748	-	585,748
Impairment losses on other assets	4,994	6,793	4,994	6,793
Provision for employee benefits	19,722	21,365	19,722	21,365
Provision for decommissioning cost of leasehold improvement	178	1,595	178	1,595
Share-base payment	-	14,371	-	14,371
Losses on troubled debts restructuring	-	6,082	-	6,082
Reversal of revaluation allowance for debts restructuring of the disposal debt	-	(20,606)	-	(20,606)
Losses on sales of properties for sale	4,138	65	4,138	65
Losses on disposal of premises and equipment	-	2	-	2
Gains on disposal of investments	(7)	(420)	(7)	(420)
Net amortisation of premium (discount) on investments	36,796	(8,555)	36,796	(8,555)
Net interest income	(2,884,669)	(2,270,644)	(2,884,525)	(2,270,475)
Interest received	2,931,685	2,747,856	2,931,685	2,747,856
Interest paid	(496,354)	(440,932)	(496,499)	(441,101)
Dividend income	(55)	(43)	(55)	(43)
Income tax paid	(6,746)	(142,812)	(6,746)	(142,812)
Profit from operations before changes in operating assets and liabilities	1,152,223	853,203	1,163,011	857,084
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(5,244,683)	(412,375)	(5,244,683)	(412,375)
Loans to customers	(10,356,352)	(1,873,156)	(10,356,352)	(1,873,156)
Properties for sale	2,891	(4,071)	2,891	(4,071)
Other assets	(30,791)	(55,186)	(30,207)	(58,345)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	13,937,038	1,118,715	13,941,718	1,211,714
Interbank and money market items	3,799,484	(158,199)	3,799,484	(158,199)
Liabilities payable on demand	63,683	97,584	63,683	97,584
Provision for employee benefits	(2,060)	(6,417)	(2,060)	(6,417)
Other liabilities	(118,588)	(24,426)	(134,741)	(23,701)
Net cash from (used in) operating activities	3,202,845	(464,328)	3,202,744	(369,882)

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

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

	<i>Note</i>	Consolidated		The Bank	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		7,197	10,210	7,197	10,210
Dividend received		55	43	55	43
Purchase of instruments measured at fair value through other comprehensive income		(7,141,000)	-	(7,141,000)	-
Purchase of available-for-sale investments		-	(1,442,533)	-	(1,442,533)
Proceeds from sales and redemption of instruments measured at fair value through other comprehensive income		3,990,007	-	3,990,007	-
Proceeds from sales and redemption of available-for-sale investments		-	1,685,106	-	1,685,106
Purchase of equipment		(24,129)	(65,561)	(24,033)	(65,561)
Purchase of intangible assets		(4,994)	(4,014)	(4,989)	(2,324)
Payment of lease liabilities		(74,590)	-	(74,590)	-
Net cash (used in) from investing activities		(3,247,454)	183,251	(3,247,353)	184,941
Net decrease in cash		(44,609)	(281,077)	(44,609)	(184,941)
Cash at 1 January		473,622	647,056	473,622	550,920
Cash at 30 June		429,013	365,979	429,013	365,979
Supplementary disclosures of cash flow information					
Non-cash transactions:					
Gains on investments in debt instruments at fair value through other comprehensive income		638	-	638	-
Losses on remeasuring available-for-sale investments		-	(87)	-	(87)
Increase in properties for sale due to debts settlement	15	151,308	19,546	151,308	19,546
Decrease in other payables - purchases of assets		(70)	(7,387)	-	(7,387)

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2020

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The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2020

These notes form an integral part of the interim financial statements.

The interim 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 August 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 Keha 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 period 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 30 June 2020 are given in note 12.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34 (revised 2019) *Interim Financial Reporting* and the regulations of the Bank of Thailand; guidelines promulgated by the Federation of Accounting Professions and regulations of Bank of Thailand; and presented as prescribed by the Bank of Thailand (“BoT”) notification number Sor Nor Sor. 21/2561, directive dated 31 October 2018, 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” and the BoT Circular number Thor Por Tor, For Nor Sor. (23) Wor. 276/2563, directive dated 28 February 2020 regarding “Relief programs to debtors who are adversely affected by the Thai economy” and the BoT Circular number Thor Por Tor, For Nor Sor. (01) Wor. 380/2563, directive dated 26 March 2020, regarding “Additional relief measures to debtors during COVID-19 outbreak situation”.

The Group has initially applied TFRS 9 *Financial Instruments* (“TFRS 9”) and its relevant financial instruments accounting standards including TFRS 16 *Leases* (“TFRS 16”) and disclosed impact from changes to significant accounting policies in note 3.

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(b) Functional and presentation currency

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

(c) Use of judgements and estimates

The preparation of interim 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.

Judgements

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

- Note 3 Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Note 3 Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss ("ECL") and selection and approval of models used to measure ECL;
- Note 3 Lease
- whether an arrangement containing a lease;
 - whether the Group is reasonably certain to exercise extension options or not to exercise terminate options;
 - whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees; and
- Note 5 Impact of COVID-19 Outbreak.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustments to the carrying amount of assets and liabilities in the next financial year is included in the following notes:

- Note 3 Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information;
- Note 5 Impact of COVID-19 Outbreak;
- Note 7 Measurement of the fair value of financial instruments with significant unobservable inputs;
- Note 18 Recognition of deferred tax assets; and
- Note 22 Measurement of defined benefit obligations; key actuarial assumptions.

In addition, on 1 January 2020, the Group has changed its estimated useful life of leasehold improvements according to new estimated useful life. This change in estimate has been applied prospectively to the financial statements from the date of the change in estimate. The Group has completed assessment of the impact on the consolidated and the Bank's financial statements and expects that there is no material impact.

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3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRSs Financial instruments standards which comprise TFRS 9 and relevant standards and interpretations, and TFRS 16. The Group adopted TFRS - Financial instruments standards except for the debtors under relief program as mentioned in note 5. Impact of changes in accounting policies on shareholders' equity are as follows:

	Note	Consolidated		The Bank	
		Retained earnings	Other reserves (in thousand Baht)	Retained earnings	Other reserves
At 31 December 2019 - as reported		1,966,361	36,208	1,977,610	36,208
(Decrease) increase due to:					
Adoption of TFRS - Financial instruments standards	A				
Classification of financial instruments		(18,945)	223	(18,945)	223
Related tax		(122,726)	(45)	(122,726)	(45)
At 1 January 2020 - restated		1,824,690	36,386	1,835,939	36,386

A. TFRSs Financial instruments standards

The Group has adopted TFRS 9 and its relevant financial instruments standards using the cumulative effect, taking into account the effect of initially applying these standards only to financial instruments that were not derecognised before 1 January 2020 as an adjustment to retained earnings or other reserves at 1 January 2020. Therefore, the Group has not restated the information presented for 2019. The disclosure requirements of TFRSs for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities.

Accounting policies applicable from 1 January 2020

(1) Initial recognition and measurement

The Group recognises initial classification of financial assets or financial liabilities (including directly attributable to the acquisition or issue financial assets) in its statement of financial position on the transaction date, which is the date on which the Group becomes party to the contractual provisions of the instrument, except for investments in debt instruments which are recognised and derecognised on the settlement date.

Financial assets or financial liabilities not measured at fair value through profit or loss are initially measured at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(2) Classification and measurement of financial assets and financial liabilities

Subsequent classification and measurement of financial assets

Under TFRS 9, financial assets are classified and measured into three categories: subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

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A financial asset which is not designated as at FVTPL is measured at amortised cost if it meets both of the following conditions:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument which is not designated as at FVTPL is measured at FVOCI only if it meets both of the following conditions:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and the way in which those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or on contractual cash flows collected); and
- frequency, volume and timing of sales in prior period, the reasons for those sales and expectations about future sales activity. However, information about sales is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Assessment of whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, credit risk, other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs), as well as profit margin associated with holding the financial assets for a particular period of time.

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In assessing whether the contractual cash flows are solely payment of principal and interest on the principal amount outstanding, the Group consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Modifications of financial assets

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

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Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

Subsequent classification and measurement of financial liabilities

The Group classified and measured its financial liabilities except loan commitments and financial guarantee contracts subsequently at amortised cost.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

(3) *Impairment of financial assets and lease receivables*

TERS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas previously the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment along with relevant BoT's criteria and regulations. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The expected credit loss ("ECL") applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts.

Under TFRS 9, no impairment loss is recognised on equity investments.

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Significant estimates and judgements

The Group's expected credit loss calculations are based on complex models with a series of underlying assumptions. The significant judgements and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. The calculation of expected credit loss also involves expert credit judgement to be applied by management based upon counterparty information they receive from various internal and external. Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the model under a "management overlay" framework, such as identified model deficiencies, debtors' risk concentration and other factors.

Measurement of ECL

Expected credit losses are computed as unbiased, probability weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

ECL are a probability-weighted estimated of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the contractual cash flows and the cash flows that the Group expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive if the loan is drawn down; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Estimate of expected cash shortfalls is determined by multiplying the probability of default ("PD") with percentage of the loss given default ("LGD") with the expected exposure at the time of default ("EAD").

Forward-looking macroeconomic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk such as gross domestic product ("GDP"), interest rates and housing price index. These assumptions are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally and are consistent with those used for financial and capital planning.

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

The estimate of expected cash shortfalls on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

Cash shortfalls are discounted using the original effective interest rate on the financial instrument.

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Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date by being assessed on individual basis. A financial asset can move between stages during its lifetime. The stage are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: Financial assets that have not had a significant increase in credit risk (Performing)

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The allowance for ECL is 12-month ECL. 12-month ECL is the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

- Stage 2: Financial assets have a SICR (Under - performing)

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are 30 days or 1 month past due or more and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers' ability to repay. Qualitative indicators includes operating results, financial liquidity and other reliable indicators.

Financial assets can be transferred to Stage 1 in case they have proven that their ability to repay are back to normal.

- Stage 3: Lifetime ECL credit impaired (Non-performing)

Financial assets that are credit-impaired or in default represent those that are at least 90 days or 3 months past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Evidence that a financial asset is credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- In process of asset repossession;
- In process of litigation.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted at the instrument's original effective interest rate, and the gross carrying amount of the instrument prior to any credit impairment.

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Modifications of financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within expected credit loss in profit or loss with a corresponding decrease in the gross carrying amount of the asset.

Expected credit losses for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Loans renegotiated or modified of contractual cash flows, the Group might consider them as financial assets that have a SICR except there is an evidence that the risk of not receiving contractual cash flows significantly reduces and there is no indicator of the impairment. The Group then considers the aforementioned financial assets as the ones which do not have a SICR.

Write-offs of credit impaired instruments and reversal of expected credit loss

To the extent a financial instrument is considered irrecoverable, the applicable portion of the gross carrying amount is written off against the related allowance for expected credit loss. Such financial instruments are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of expected credit loss in the profit or loss or the BoT's regulations.

If, in a subsequent period, the amount of the allowance for expected credit loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, the previously recognised expected credit loss is reversed by adjusting the allowance for expected credit loss. The amount of the reversal is recognised in the profit or loss.

Improvement in credit risk

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets with credit-impaired (Stage 3) and no trouble debt restructured will transfer to stage 2 or stage 1 if it is considered that no more qualify as a financial asset with credit-impaired.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the days past due criteria is no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes the action to be resolved before the instruments are reclassified to stage 1.

For debt restructuring receivables with stage 3 will transfer to stage 2 when the customers execute new contract requirements by repayment of three consecutive periods. They will transfer to stage 1 it will take 9 months to follow-up. There must be no overdue outstanding in account and expect the customers will pay off all remaining debts.

For debt restructuring receivables with stage 2 which has never been classified as asset credit-impaired can transfer to stage 1 when the customers execute new contract requirements by repayment of three consecutive periods.

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Financial assets with stage 3 will transfer to stage 2 when consider and found that there are no credit-impaired.

The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020. The reconciliation of allowance for expected credit loss at 1 January 2020 was as follows:

	Consolidated and the Bank		Allowance for expected credit loss at 1 January 2020
	Allowance for doubtful accounts at 31 December 2019	Remeasurement <i>(in thousand Baht)</i>	
Investments in debt instruments	-	1,070	1,070
Loans to customers and accrued interest receivables	2,712,290	4,205	2,716,495
Other financial assets	14,676	(5,393)	9,283
Undrawn loan commitments and financial guarantee contracts	-	118	118
Total	2,726,966	-	2,726,966

(4) Interest

From 1 January 2020, interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not allowance for expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any allowance for expected credit loss. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance for expected credit loss.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets, initial recognition of interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis of assets.

For financial assets and liabilities that exist on the date of transition, the Group determined the effective interest rate based on the remaining contractual cash flow.

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(5) Investments, net

From 1 January 2020 the 'investments, net' in the statement of financial position includes:

- Investments in debt instruments measured at FVOCI; and
- Investments in equity instruments designated at FVOCI.

For debt instruments measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method; and
- ECL and reversals.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes for the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Accounting policies applicable before 1 January 2020

(1) 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.

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.

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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.

(2) *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.

(3) *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.

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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 contra expected credit loss in profit or loss.

(4) 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 new 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.

(5) 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.

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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.

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.

Gains (losses) on sales of investments

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

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The following table shows the original classification and measurement categories under TAS 105 and BoT regulations and the new classification and measurement categories under TFRS 9 for the Group's financial assets and financial liabilities as at 1 January 2020.

	Consolidated				
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Reclassification (in thousand Baht)	At 1 January 2020
Assets					
Cash			473,622	-	473,622
Interbank and money market items, net		Amortised cost	4,415,607	-	4,415,607
Investments, net		Amortised cost			
Government and state enterprise securities	Amortised cost	FVOCI	1,391,048	-	1,391,035
Private enterprise debt securities	Available-for-sale	FVOCI	300,472	-	299,415
Domestic non-marketable equity securities	Available-for-sale	FVOCI	2,083	223	2,306
Investments in subsidiary, net	General investment		-	-	-
Loans to customers and accrued interest receivables, net	Amortised cost	Amortised cost	48,487,851	-	48,483,646
Properties for sales, net	-	-	158,337	-	158,337
Premises and equipment, net	-	-	366,123	-	366,123
Intangible assets, net	-	-	161,930	-	161,930
Deferred tax assets	-	-	269,942	3,745	147,171
Other assets, net	Amortised cost	Amortised cost	467,056	(18,945)	453,504
Total assets			56,494,071	(14,977)	56,352,696
				(126,398)	
					(126,398)

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	Consolidated				
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Reclassification (in thousand Baht)	At 1 January 2020
Liabilities					
Deposits	Amortised cost	Amortised cost	47,193,495	-	47,193,495
Interbank and money market items	Amortised cost	Amortised cost	1,135,121	-	1,135,121
Liabilities payable on demand	Amortised cost	Amortised cost	58,716	-	58,716
Provisions	-	-	125,739	-	125,857
Other liabilities	Amortised cost	Amortised cost	978,431	-	978,431
Total liabilities			49,491,502	118	49,491,620
Equity					
Issued and paid-up share capital	-	-	5,000,000	-	5,000,000
Other reserve	-	-	36,208	178	36,386
Retained earnings - legal reserve	-	-	100,843	-	100,843
Retained earnings - unappropriated	-	-	1,865,518	(15,155)	1,723,847
Equity attributable to equity holder of the Bank			7,002,569	(14,977)	6,861,076
Total equity			7,002,569	(14,977)	6,861,076
Total liabilities and equity			56,494,071	(126,398)	56,352,696

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	The Bank					
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Reclassification (in thousand Baht)	Allowance for expected credit loss	At 1 January 2020
Assets						
Cash			473,622	-	-	473,622
Interbank and money market items, net			4,415,607	-	-	4,415,607
Investments, net						
Government and state enterprise securities	Amortised cost	Amortised cost	1,391,048	-	(13)	1,391,035
Private enterprise debt securities	Amortised cost	Amortised cost	300,472	-	(1,057)	299,415
Domestic non-marketable equity securities	Available-for-sale	FVOCI	2,083	223	-	2,306
Investments in subsidiary, net	Available-for-sale	FVOCI	150,000	-	-	150,000
Loans to customers and accrued interest receivables, net			48,487,851	-	(4,205)	48,483,646
Properties for sales, net	Amortised cost	Amortised cost	158,337	-	-	158,337
Premises and equipment, net			365,841	-	-	365,841
Intangible assets, net			153,566	-	-	153,566
Deferred tax assets			269,942	3,745	(126,516)	147,171
Other assets, net	Amortised cost	Amortised cost	466,379	(18,945)	5,393	452,827
Total assets			56,634,748	(14,977)	(126,398)	56,493,373

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	The Bank					
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Reclassification Remeasurement (in thousand Baht)	Allowance for expected credit loss	At 1 January 2020
Liabilities						
Deposits	Amortised cost	Amortised cost	47,324,746	-	-	47,324,746
Interbank and money market items	Amortised cost	Amortised cost	1,135,121	-	-	1,135,121
Liabilities payable on demand	Amortised cost	Amortised cost	58,716	-	-	58,716
Provisions	-	-	125,739	-	118	125,857
Other liabilities	Amortised cost	Amortised cost	976,608	-	-	976,608
Total liabilities			49,620,930		118	49,621,048
Equity						
Issued and paid-up share capital	-	-	5,000,000	-	-	5,000,000
Other reserve	-	-	36,208	178	-	36,386
Retained earnings - legal reserve	-	-	100,843	-	-	100,843
Retained earnings - unappropriated	-	-	1,876,767	(15,155)	(126,516)	1,735,096
Equity attributable to equity holder of the Bank			7,013,818		(126,516)	6,872,325
Total equity			7,013,818		(126,516)	6,872,325
Total liabilities and equity			56,634,748		(126,398)	56,493,373

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B TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* using the modified retrospective approach.

Accounting policies applicable from 1 January 2020

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group applies TFRS 15 to allocate the consideration in the contract.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the expected lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of premises and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate and subsequently at amortised cost using the incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, and amounts expected to be payable under a residual value guarantee. The lease payments also include amount under purchase, extension or termination option if the Group is reasonably certain to exercise option.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the Group acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption, then it classifies the sub-lease as an operating lease.

The Group recognises lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of deduction to premises and equipment expenses. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as contra expense.

The Group recognises finance lease receivables at the amount of the Group's net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

Accounting policies applicable before 1 January 2020

In the comparative period, as a lessee the Group classified leases that transfer substantially all of the risks and rewards of ownership as finance leases.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. 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.

Impact from the adoption of TFRS 16

	Consolidated	The Bank
	<i>(in thousand Baht)</i>	
At 1 January 2020		
Increase in right-of-use assets	707,648	707,648
Decrease in other assets	(6,703)	(6,703)
Increase in lease liabilities	700,945	700,945
Measurement of lease liability		
	Consolidated	The Bank
	<i>(in thousand Baht)</i>	
Operating lease commitment as disclosed at 31 December 2019	274,948	251,607
Extension and termination options reasonably certain to be exercised	486,250	509,591
	<u>767,198</u>	<u>761,198</u>
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2020	700,945	700,945
Lease liabilities recognised at 1 January 2020	<u>700,945</u>	<u>707,945</u>
Weighted-average incremental borrowing rate (% per annum)	2.27	2.27

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses changes in accounting policies.

(a) Basis of consolidation

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

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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.

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 equity investments designated as at FVOCI 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.

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(e) 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 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.

(f) 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.

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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	Less than 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.

(g) 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.

(h) 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.

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Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Defined contribution plans

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

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.

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(j) 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.

(k) 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.

(l) 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.

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.

(m) Revenue

Dividend income

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

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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.

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.

(n) 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.

(o) Income tax

Income tax expense for the period 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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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.

(p) 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 period. 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.

(q) 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.

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(r) 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.

5 Impact of COVID-19 Outbreak

During the beginning of 2020, there was the COVID-19 outbreak. Many countries, including Thailand, have enacted several protective measures against the outbreak. This has significantly affected daily life, production, supply chain and economic conditions. The management is closely monitoring the situation to ensure the safety of the Group's staff and to manage the negative impact on the business as much as possible.

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand ("BoT") has issued a series of measures, covering payment moratoriums, government guarantee as well as a loan repayment holiday to get the Group help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. The Group provides relief measures to debtors who adversely affected by economic slowdown as a result of trade war, drought and COVID-19 but have a potential to repay and continue their businesses or their working. Relief measures provided by the Bank are as follows:

Micro and nano finance customers, Micro SME customers and Retail customers

- To reduce debt burden by offering a maximum period not exceed to 24-month term extension and decreasing due installment

Micro SME customers

- To automatically give repayment holiday for a maximum period not exceed to 6-month and to offer a maximum period not exceed to 24-month term extension (including repayment holiday). The Bank considers in case-by-case basis.
- To strengthen customers' liquidity by offering additional working capital for a credit limit of Baht 0.2 - 30 million with a maximum period not exceed to 8-year.
- To settle with debtor's properties by reducing a transfer fee charged by the Department of Land to 0.01%.

The Group provides relief measures by term extension of installments including decreasing in installments amount approximately to 27% and automatically repayment holiday approximately to 32% of gross carrying amount of loans to customers, respectively.

In relation to financial reporting, key concerns are on the application of forward-looking information and pro-cyclicality effect from applying TFRS 9 ECL provisioning concept. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year period of 2020 and 2021, highlighted:

- Non NPL modified loans (pre-emptive restructures) can be classified as stage 1 (performing) immediately once they are identified via well screening process for likely to repay borrowers, or else they remain at the stage before entering into restructuring;
- NPL modified loans (troubled debt restructures) can be classified as stage 1 (performing) only if they can repay 3 consecutive months or 3 consecutive dues, whichever is longer;
- Revision of EIR at the date of modification; and
- As a result of unprecedented circumstance, forward-looking information can be put less weight than historical information in ECL provisioning.

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Regarding the impacts on the Group's performance, the Group's ECL still reflects fair position through closely monitoring, well-calibrated model with risk looking-through basis together with management overlay. This can ensure that in times of downturn, credit risk development is captured and buffered with prudence.

Moreover, on 7 April 2020, the BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020.

In addition, the Group elected to apply TFAC's accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 which effective for financial statements ending on or before 31 December 2020 on lease modifications.

As a result of the COVID-19 situation, the Group was granted a full rent concession for 3 months starting from March to June 2020. The Group has monthly deducted lease liabilities in proportion to the reduced rental, reversed depreciation of ROU assets and interest on lease liabilities in proportion to the reduced rental, and recognised the differences to profit or loss for the six-month period ended 30 June 2020, amounting to Baht 0.14 million in the consolidated and the Bank's financial statements.

6 Risk management

The Bank's activities expose them to a variety of finance risks: credit risk, market risk (including fair value interest rate risk, cash flow interest rate risk and price 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 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 credit risk, foreign exchange risk, interest rate risk and use of investment excess liquidity.

6.1 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 expected credit 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.

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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.

Credit quality analysis

The following tables set out information about the credit quality as at 30 June 2020 of financial assets measured at amortised cost, lease receivables and FVOCI debt investments without taking into account collateral or other credit enhancement. The description of stage 1-3 are disclosed in note 3.

	12 months PD ranges (%)	Consolidated and the Bank 30 June 2020			Total
		Stage 1	Stage 2 <i>(in thousand Baht)</i>	Stage 3	
Interbank and money market items (asset)					
Current	0	9,659,562	-	-	9,659,562
Gross carrying amount		9,659,562	-	-	9,659,562
Net carrying amount		9,659,562	-	-	9,659,562
Loans to customers and accrued interest receivables					
Current	0 - 12	54,875,596	-	-	54,875,596
Overdue 1 - 30 days	0 - 12	1,277,327	-	-	1,277,327
Overdue 31 - 60 days	1 - 88	145	2,982,930	-	2,983,075
Overdue 61 - 90 days	1 - 88	-	99,929	-	99,929
Overdue more than 91 days	100	-	-	2,141,229	2,141,229
Gross carrying amount		56,153,068	3,082,859	2,141,229	61,377,156
Less allowance for expected credit loss		(1,718,005)	(300,327)	(618,228)	(2,636,560)
Net carrying amount		54,435,063	2,782,532	1,523,001	58,740,596
Investments in debt instruments measured at FVOCI					
Investment grade	0 - 5	4,803,625	-	-	4,803,625
Credit impaired	100	-	-	40,363	40,363
Gross carrying amount		4,803,625	-	40,363	4,843,988
Less allowance for expected credit loss		(463)	-	(40,363)	(40,826)
Carrying amount - Fair value		4,805,337	-	-	4,805,337
Undrawn loan commitments and financial guarantee contracts					
Unconditional unused credit line	0 - 25	93,260	851	-	94,111

Collateral held and other credit enhancements

The general reliability of the debtor is associated with an indicator of a debtor’s profile, capital, and debt servicing ability. This is an extremely important aspect of credit quality determination. In addition, the collateral will be a tool to relieve the damage in the event of a debtor default on the debt. Therefore, in order to ensure that the collateral accepted by the Group is qualified to market requirements, market conditions and is enforced by the legal rights completely, the Group requires review of the collateral received in accordance with the collateral policy set by the Group including the BoT’s rules and regulations.

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In addition, in the event that the collateral does not cover the credit limit or no collateral, the Group also has other credit enhancements such as participating in a credit guarantee program with the Thai Credit Guarantee Corporation ("TCG") which is a state enterprise agency under the supervision of the Ministry of Finance. TCG acts as a credit guarantee for SME and microfinance in order to reduce the risk of lending by the Group.

As at 30 June 2020, the Group holds collateral and other credit enhancements as follows:

Type of credit expense	Consolidated and the Bank 30 June 2020		Principal type of collateral held
	Credit exposure (in thousand Baht)	Collateral *	
Interbank and money market items			
- Reverse repurchase agreements	6,800,642	6,867,115	Government and state enterprise securities and Private enterprise debt securities
- Deposits at BoT and domestic commercial banks	2,858,920	-	None
Investments in debt instruments			
- Government and state enterprise securities	4,720,188	-	None
- Private enterprise debt securities	125,976	-	None
Loans to SME and micro SME customers			
- Loans	39,956,333	46,934,475	Deposits, Gold, Land, Building, Residence, Machine, and TCG
- Hire purchase	1,604,700	4,041,696	Machine, Equipment, and Vehicle
Loans to micro finance customers	9,623,322	-	TCG
Loans to retail customers			
- Housing loans	2,242,669	4,500,565	Residence
- Other loans to retail customers	7,950,132	13,599,499	Gold, Residence, and Vehicle

* Most recent appraisal value

Residential mortgage lending

The following tables stratify credit exposures from mortgage loans to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the gross carrying amount of the loan to the value of the collateral.

LTV ratio	Consolidated and the Bank 30 June 2020
	Gross carrying amount (in thousand Baht)
Non credit-impaired loans	
Less than 50%	1,538,400
50 - 70%	1,328,964
70 - 90%	801,366
90 - 100%	22,564
More than 100%	6,878
Total	3,698,172

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	Consolidated and the Bank 30 June 2020
	Gross carrying amount (in thousand Baht)
<i>Credit-impaired loans</i>	
Less than 50%	47,609
50 - 70%	76,962
More than 70%	89,601
Total	214,172

Concentrations of credit risk

The Group monitors concentrations of credit risk by sector and by nature of loans to customers. An analysis of concentrations of credit risk from interbank and money market items (assets), investments in debt instruments and loans to customers is shown below.

	Consolidated and the Bank		
	Interbank and money market items (asset)	Investments in debt instruments (in thousand Baht)	Loans to customers
<i>At 30 June 2020</i>			
Gross carrying amount	9,659,562	4,846,164	61,377,156
Concentration by sectors			
<i>Government</i>			
Financial institution	9,659,562	4,720,188	-
<i>SME</i>			
Agriculture and mineral	-	-	710,966
Manufacture and trading	-	43,935	31,420,057
Real estate and construction	-	-	7,166,645
Utilities and services	-	55,009	10,967,394
Others	-	27,032	318,429
<i>Retail</i>			
Housing loans	-	-	3,912,344
Other lendings	-	-	6,881,321

Information related to ECL

Definition of default

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held);
- the borrower is more than 90 days past due on any material credit obligation to the Group. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding; or
- it is becoming probable that the borrower will restructure the asset as a result of bankruptcy due to the borrower's inability to pay its credit obligations.

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In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative: e.g. breaches of covenant;
- quantitative: e.g. overdue status and non-payment on another obligation of the same issuer to the Group; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances. The definition of default applied by the Group largely aligns with the BoT criteria.

Probability of default

Credit risk grades are a primary input into the determination of the probability of default. The Group has collected repayment performance data of each receivable and input into statistical models to analyse the data collected and generate estimates of the lifetime PD based on contractual repayment. Then, the Group uses the PD to estimate ECL.

Incorporation of forward-looking information

ECL has been estimated by the probability weighted of default over the expected life of the financial instrument. It is based on the present value of all expected cash shortfalls carried by historical loss experience data for the group of assets that the Group considers credit risk to be similar such as types of loans to customers, types of collateral, contract terms and other relevant factors and adjusted by current observed data, along with supportable and reasonable future forecasts if statistically correlated can be proved. Appropriate judgements are also incorporated to estimate ECL using macroeconomic data such as GDP, inflation rate, unemployment rate, housing price, etc. The Group assesses both the current situation and the forecast of future economic conditions and probability weighted for each situation.

The weighted probability scenarios that the Group uses to measure the ECL are as follows:

<i>30 June 2020</i>	Consolidated and the Bank		
	Base case	Scenario 1 (%)	Scenario 2
Scenario probability weighted	80	10	10

The group uses judgements to assess how much relevant macroeconomic changes should affect to ECL of the Group's portfolio. However, the Group reviews the assumptions and forecasts of the future economic situations on a regular basis. In addition, the Group also considers to provide the management overlay as a part of ECL.

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6.2 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 30 June 2020 and 31 December 2019, the financial assets and liabilities classified by maturity of interest repricing periods are as follows:

	Consolidate 30 June 2020							Total
	Repricing periods					Non- performing assets	Non- interest bearing	
	Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
	(in thousand Baht)							
Financial assets								
Cash	-	-	-	-	-	-	429,013	429,013
Interbank and money market items, net	-	6,800,405	-	-	-	-	2,859,157	9,659,562
Investments, net	-	2,352,938	2,147,164	305,235	-	-	2,306	4,807,643
Loans to customers	39,245,150	4,909,819	5,120,845	7,383,417	1,857,185	2,085,615	-	60,602,051
Other financial assets	-	-	-	-	-	-	270,363	270,363
Total financial assets	39,245,150	14,063,162	7,268,009	7,688,652	1,857,185	2,085,615	3,560,839	75,768,612
Financial liabilities								
Deposits	-	42,646,683	13,158,661	5,268,910	-	-	70,778	61,165,032
Interbank and money market items	-	781,329	47,733	4,105,543	-	-	-	4,934,605
Liabilities payable on demand	-	-	-	-	-	-	122,399	122,399
Other financial liabilities	-	-	-	-	-	-	924,873	924,873
Total financial liabilities	-	43,428,012	13,206,394	9,394,453	-	-	1,118,050	67,146,909

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	Consolidate							Total
	31 December 2019							
	Repricing periods					Non-performing assets	Non-interest bearing	
Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years				
	(in thousand Baht)							
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	36,700,588	2,054,010	3,241,745	5,809,953	619,578	2,490,268	-	50,916,142
Other financial assets	-	-	-	-	-	-	299,196	299,196
Total financial assets	36,700,588	6,925,976	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	-	1,947,297	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 Bank							Total
	30 June 2020							
	Repricing periods					Non-performing assets	Non-interest bearing	
Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years				
	(in thousand Baht)							
Financial assets								
Cash	-	-	-	-	-	-	429,013	429,013
Interbank and money market items, net	-	6,800,405	-	-	-	-	2,859,157	9,659,562
Investments, net	-	2,352,938	2,147,164	309,235	-	-	2,306	4,807,643
Investments in subsidiary, net	-	-	-	-	-	-	150,000	150,000
Loans to customers	39,245,150	4,909,819	5,130,845	7,383,417	1,857,185	2,085,615	-	60,602,031
Other financial assets	-	-	-	-	-	-	273,530	273,530
Total financial assets	39,245,150	14,063,162	7,268,009	7,688,652	1,857,185	2,085,615	3,714,006	75,921,779
Financial liabilities								
Deposits	-	42,649,048	13,158,661	5,288,910	-	-	194,984	61,291,603
Interbank and money market items	-	781,329	47,733	4,105,543	-	-	-	4,934,605
Liabilities payable on demand	-	-	-	-	-	-	122,399	122,399
Other financial liabilities	-	-	-	-	-	-	920,782	920,782
Total financial liabilities	-	43,430,377	13,206,394	9,394,453	-	-	1,238,165	67,269,389

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	The Bank							Total
	31 December 2019							
	Repricing periods					Non-performing assets	Non-interest bearing	
Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	(in thousand Baht)			
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
Investments in subsidiary, net	-	-	-	-	-	-	150,000	150,000
Loans to customers, net of deferred revenue	36,709,588	2,054,010	3,241,745	5,809,953	619,578	2,490,268	-	50,916,142
Other financial assets	-	-	-	-	-	-	299,196	299,196
Total financial assets	36,709,588	6,925,976	4,017,254	5,875,452	619,578	2,490,268	1,319,054	57,948,170
Financial liabilities								
Deposits	-	30,706,568	13,680,578	2,722,448	-	-	315,153	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	-	-	-	-	-	-	951,500	951,500
Total financial liabilities	-	31,753,865	13,726,457	2,764,393	-	-	1,325,377	49,470,092

The Group has 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 six-month period ended 30 June 2020 and the year ended 31 December 2019 were as follows:

	Consolidated					
	30 June 2020			31 December 2019		
	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)	Average balance (in thousand Baht)	Interest	Average interest rate (% per annum)
Earning financial assets						
Interbank and money market items	4,948,569	21,648	0.87	4,075,255	77,625	1.90
Investments	2,260,455	10,677	0.94	1,550,213	25,403	1.64
Loans to customers	55,806,005	3,400,435	12.19	47,283,491	5,764,596	12.19
Total	63,015,029	3,432,760		52,908,959	5,867,624	
Interest-bearing financial liabilities						
Deposits	53,142,789	545,127	2.05	44,488,691	1,020,075	2.29
Interbank and money market items	2,189,049	2,964	0.27	781,310	3,330	0.43
Total	55,331,838	548,091		45,270,001	1,023,405	

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	The Bank					
	30 June 2020			31 December 2019		
	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	4,948,569	21,648	0.87	4,075,255	77,625	1.90
Investments	2,260,455	10,677	0.94	1,550,213	25,403	1.64
Loans to customers	<u>55,806,005</u>	<u>3,400,435</u>	12.19	<u>47,283,491</u>	<u>5,764,596</u>	12.19
Total	<u>63,015,029</u>	<u>3,432,760</u>		<u>52,908,959</u>	<u>5,867,624</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	53,272,173	545,271	2.05	44,604,195	1,020,360	2.29
Interbank and money market items	<u>2,189,049</u>	<u>2,964</u>	0.27	<u>781,310</u>	<u>3,330</u>	0.43
Total	<u>55,461,222</u>	<u>548,235</u>		<u>45,385,505</u>	<u>1,023,690</u>	

Sensitivity analysis on cash flow of floating interest rate instruments

As at reporting date, the effect of changes in interest rates to profit or loss and equity (net of tax) by 100 bps were as follows. Other factors are supposed to be constant in this analysis.

	Consolidated and the Bank			
	Profit or loss		Equity (net of tax)	
	100 bps Increase	100 bps Decrease	100 bps Increase	100 bps Decrease
	<i>(in thousand Baht)</i>			
30 June 2020				
Fixed interest instruments	<u>172,429</u>	<u>(172,429)</u>	<u>145,565</u>	<u>(130,299)</u>
Sensitivity of cash flow (net)	<u>172,429</u>	<u>(172,429)</u>	<u>145,565</u>	<u>(130,299)</u>

6.3 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 Group has no material foreign currency transactions or balances.

6.4 Equity price risk

Investments in equity instruments consist of investments in equity instruments designated at fair value through other comprehensive income held from troubled debts restructuring.

Such investments in equity instruments are not marketable securities. They are presented in the statements of financial positions at fair value through other comprehensive income.

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6.5 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 and the Risk 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 30 June 2020 through the Bank's website at www.tcrbank.com within October 2020.

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Financial assets and liabilities of the Group classified by maturities as at 30 June 2020 and 31 December 2019 were as follows:

	Consolidated 30 June 2020					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
<i>Financial assets</i>						
Cash	-	-	-	-	429,013	429,013
Interbank and money market items, net	2,858,920	6,800,642	-	-	-	9,659,562
Investments, net	-	4,460,102	305,235	40,000	2,306	4,807,643
Loans to customers	483,778	5,031,590	19,822,411	35,264,252	-	60,602,031
Other financial assets	-	204,422	-	54,657	11,284	270,363
Total financial assets	3,342,698	16,496,756	20,127,646	35,358,909	442,603	75,768,612
<i>Financial liabilities</i>						
Deposits	15,012,027	40,864,095	5,288,910	-	-	61,165,032
Interbank and money market items	653,529	175,533	4,105,543	-	-	4,934,605
Liabilities payable on demand	122,399	-	-	-	-	122,399
Other financial liabilities	1,674	863,361	58,295	-	1,543	924,873
Total financial liabilities	15,789,629	41,902,989	9,452,748	-	1,543	67,146,909
Net liquidity gap	(12,446,931)	(25,406,233)	10,674,898	35,358,909	441,060	8,621,703
Financial guarantee contracts	-	-	-	-	-	-

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	At call	Less than 1 year	Consolidated 31 December 2019			No maturity	Total
			Over 1 year to 5 years	Over 5 years	(in thousand Baht)		
Financial assets							
Cash	-	-	-	-	473,622	-	473,622
Interbank and money market items, net	394,237	4,021,370	-	-	-	-	4,415,607
Investments, net	-	1,626,021	65,499	-	2,083	-	1,693,603
Loans to customers, net of deferred revenue	302,963	2,232,932	20,313,914	28,066,333	-	-	50,916,142
Other financial assets	-	235,011	-	52,826	10,814	-	299,196
Total financial assets	697,200	8,115,879	20,379,413	28,119,159	486,519	-	57,798,170
Financial liabilities							
Deposits	18,703,831	25,767,216	2,722,448	-	-	-	47,193,495
Interbank and money market items	917,279	175,897	41,945	-	-	-	1,135,121
Liabilities payable on demand	58,716	-	-	-	-	-	58,716
Other financial liabilities	10	944,667	4,434	-	4,015	-	953,126
Total financial liabilities	19,679,836	26,887,780	2,768,827	-	4,015	-	49,340,458
Net liquidity gap	(18,982,636)	(18,771,901)	17,610,586	28,119,159	482,504	-	8,457,712

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	The Bank					Total
	30 June 2020	Over 1 year to 5 years	Over 5 years	No maturity	Total	
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
		<i>(in thousand Baht)</i>				
Financial assets						
Cash	-	-	-	-	429,013	429,013
Interbank and money market items, net	2,858,920	6,800,642	-	-	-	9,659,562
Investments, net	-	4,460,102	305,235	40,000	2,306	4,807,643
Investments in subsidiary, net	-	-	-	-	150,000	150,000
Loans to customers	483,778	5,031,590	19,822,411	35,264,252	-	60,602,031
Other financial assets	-	207,589	-	54,657	11,284	273,530
Total financial assets	3,342,698	16,499,923	20,127,646	35,358,909	592,603	75,921,779
Financial liabilities						
Deposits	15,138,598	40,864,095	5,288,910	-	-	61,291,603
Interbank and money market items	653,529	175,533	4,105,543	-	-	4,934,605
Liabilities payable on demand	122,399	-	-	-	-	122,399
Other financial liabilities	-	860,944	58,295	-	1,543	920,782
Total financial liabilities	15,914,526	41,900,572	9,452,748	-	1,543	67,269,389
Net liquidity gap	(12,571,828)	(25,400,649)	10,674,898	35,358,909	591,060	8,652,390
Financial guarantee contracts	-	-	-	-	-	-

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

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	The Bank					Total
	At call	Less than 1 year	Over 1 year to 5 years	31 December 2019 Over 5 years	No maturity	
	<i>(in thousand Baht)</i>					
Financial assets						
Cash	-	-	-	-	473,622	473,622
Interbank and money market items, net	394,237	4,021,370	-	-	-	4,415,607
Investments, net	-	1,626,021	65,499	-	2,083	1,693,603
Investments in subsidiary, net	-	-	-	-	150,000	150,000
Loans to customers, net of deferred revenue	302,963	2,232,932	20,313,914	28,066,333	-	50,916,142
Other financial assets	-	235,556	-	52,826	10,814	299,196
Total financial assets	697,200	8,115,879	20,379,413	28,119,159	636,519	57,948,170
Financial liabilities						
Deposits	18,835,082	25,767,216	2,722,448	-	-	47,324,746
Interbank and money market items	917,279	175,897	41,945	-	-	1,135,121
Liabilities payable on demand	58,716	-	-	-	-	58,716
Other financial liabilities	-	943,060	4,434	-	4,015	951,509
Total financial liabilities	19,811,077	26,886,173	2,768,827	-	4,015	49,470,092
Net liquidity gap	(19,113,877)	(18,770,294)	17,610,586	28,119,159	632,504	8,478,078

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7 Fair value of assets and liabilities

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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	Note	FVOCI	Carrying amount Amortised Cost	Consolidated <i>(in thousand Baht)</i>			
				Total	Level 1	Level 2	Level 3
30 June 2020							
Financial assets							
Investments	11	4,805,337	-	4,805,337	-	-	4,805,337
- Debt instruments		2,306	-	2,306	-	-	2,306
- Equity instruments		-	-	-	-	4,805,337	-
Loans to customers and accrued interest receivables, net	13.1	-	58,740,596	58,740,596	-	59,495,327	59,495,327
Total financial assets		4,807,643	58,740,596	63,548,239	4,805,337	59,497,633	64,302,970
Financial liabilities							
Deposits	20.1	-	61,165,032	61,165,032	-	61,280,975	61,280,975
Interbank and money market items	21	-	4,934,605	4,934,605	-	4,927,137	4,927,137
Total financial liabilities		-	66,099,637	66,099,637	-	66,208,112	66,208,112
The Bank							
	Note	FVOCI	Carrying amount Amortised Cost	Fair value <i>(in thousand Baht)</i>			
			Total	Level 1	Level 2	Level 3	Total
30 June 2020							
Financial assets							
Investments	11	4,805,337	-	4,805,337	-	-	4,805,337
- Debt instruments		2,306	-	2,306	-	-	2,306
- Equity instruments		-	-	-	-	2,306	-
Loans to customers and accrued interest receivables, net	13.1	-	58,740,596	-	-	59,495,327	59,495,327
Total financial assets		4,807,643	58,740,596	4,805,337	4,805,337	59,497,633	64,302,970
Financial liabilities							
Deposits	20.1	-	61,291,603	-	61,407,547	-	61,407,547
Interbank and money market items	21	-	4,934,605	-	4,927,137	-	4,927,137
Total financial liabilities		-	66,226,208	-	66,334,684	-	66,334,684

The Thai Credit Retail Bank Public Company Limited and its subsidiary
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For the six-month period ended 30 June 2020

	Carrying amount	Consolidated Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2019					
<i>Financial assets</i>					
Investments					
- Available-for-sale investments	1,691,520	-	1,691,520	-	1,691,520
- 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

	Carrying amount	The Bank Fair value			Total
		Level 1	Level 2	Level 3	
31 December 2019					
<i>Financial assets</i>					
Investments					
- Available-for-sale investments	1,691,520	-	1,691,520	-	1,691,520
- 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	47,324,746	-	47,447,191	-	47,447,191
Interbank and money market items	1,135,121	-	1,134,920	-	1,134,920

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 3 fair values for financial instruments measured at fair value in the statement of financial position as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs
Investments in debt instruments	Net asset value	Risk-adjusted net asset value
Investments in equity instruments	Net asset value	Net asset value

Level 3 fair values

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values of investments in debt instruments and investments in equity instruments.

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For the six-month period ended 30 June

	2020	
	Investment in debt instruments <i>(in thousand Baht)</i>	Investment in equity instruments
As at 1 January	-	2,306
Transfer to Level 3 fair value	40,331	-
Loss recognised to profit or loss	(40,331)	-
As at 30 June	-	2,306

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six-month period ended 30 June 2020 and the year ended 31 December 2019.

The following methods and assumptions were used by the Group in estimating the fair value of financial assets and liabilities.

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.

Investments in debt instruments and available-for-sale investments

Fair values of investments in debt instruments which are not significant increase in credit risk or significant increase in credit risk are calculated by using the bid prices of debt instruments at The ThaiBMA or other financial institutions, as the case may be.

Fair value of credit-impaired investments in debt instruments is determined by valuation technique with unobservable inputs.

Investments in equity instruments and 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 not significant increase in credit risk or significant increase in credit risk, the fair value is equal to the present value of future cash flows discounted by the effective interest rate of loans (31 December 2019: for fixed rate loans which are classified as normal or special mention, the fair value is equal to the present value of future cash flow discounted by the contractual rate of loans).

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For credit-impaired (31 December 2019: 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 approximates the carrying value at which they are stated on the statement of financial position.

8 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.

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 30 June 2020 and 31 December 2019, the Bank's total capital funds could be categorised as follows:

	The Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Tier 1 Capital</i>		
Paid-up share capital	5,000,000	5,000,000
Warrants	34,906	34,906
Legal reserve	100,843	100,843
Net profits after appropriation	1,735,096	1,401,956
Other reserves	1,990	1,302
Less Capital deduction items on CET1	(353,264)	(423,508)
Total Tier 1 Capital	6,519,571	6,115,499

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2020

	The Bank		
	30 June 2020	31 December 2019	
	<i>(in thousand Baht)</i>		
Tier 2 Capital			
General provision	565,663	478,205	
Total Tier 2 Capital	<u>565,663</u>	<u>478,205</u>	
Total Capital funds	<u>7,085,234</u>	<u>6,593,704</u>	
Total Risk-Weighted Assets	<u>53,969,162</u>	<u>45,979,586</u>	
	The BoT's regulation minimum requirement	30 June 2020 (%)	31 December 2019
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.00	13.13	14.34
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.50	12.08	13.30
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.00	12.08	13.30

As at 30 June 2020 and 31 December 2019, 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 30 June 2020 through the Bank's website at www.tcrbank.com within October 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.

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
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For the six-month period ended 30 June 2020

9 Classification of financial assets and financial liabilities

	Consolidated 30 June 2020			Total
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI <i>(in thousand Baht)</i>	Financial instruments measured at amortised cost	
Financial assets				
Cash	-	-	429,013	429,013
Interbank and money market items, net	-	-	9,659,562	9,659,562
Investments, net				
Government and state enterprise securities	4,720,146	-	-	4,720,146
Private enterprise debt securities	85,191	-	-	85,191
Domestic non-marketable equity securities	-	2,306	-	2,306
Loans to customers and accrued interest receivables, net	-	-	58,740,596	58,740,596
Other financial assets	-	-	54,171,360	54,171,360
Total	4,805,337	2,306	123,000,531	127,808,174
Financial liabilities				
Deposits	-	-	61,165,032	61,165,032
Interbank and money market items	-	-	4,934,605	4,934,605
Liabilities payable on demand	-	-	122,399	122,399
Total	-	-	66,222,036	66,222,036

	The Bank 30 June 2020			Total
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI <i>(in thousand Baht)</i>	Financial instruments measured at amortised cost	
Financial assets				
Cash	-	-	429,013	429,013
Interbank and money market items, net	-	-	9,659,562	9,659,562
Investments, net				
Government and state enterprise securities	4,720,146	-	-	4,720,146
Private enterprise debt securities	85,191	-	-	85,191
Domestic non-marketable equity securities	-	2,306	-	2,306
Loans to customers and accrued interest receivables, net	-	-	58,740,596	58,740,596
Other financial assets	-	-	54,171,360	54,171,360
Total	4,805,337	2,306	123,000,531	127,808,174
Financial liabilities				
Deposits	-	-	61,291,603	61,291,603
Interbank and money market items	-	-	4,934,605	4,934,605
Liabilities payable on demand	-	-	122,399	122,399
Total	-	-	66,348,607	66,348,607

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
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10 Interbank and money market items, net (assets)

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Domestic</i>		
Bank of Thailand	2,647,853	990,393
Commercial banks	4,611,067	2,623,844
Specialised financial institutions	2,400,000	800,000
Total	9,658,920	4,414,237
<i>Add</i> accrued interest receivables and undue interest receivables	642	1,370
Total domestic	9,659,562	4,415,607

11 Investments, net

11.1 Classified by type of investments

	Consolidated and the Bank 30 June 2020
	<i>Fair value (in thousand Baht)</i>
<i>Investments in debt instruments measured at FVOCI</i>	
Government and state enterprise securities	4,720,146
Private enterprise debt securities	85,191
Total	4,805,337
Allowance for expected credit loss	(40,826)
<i>Investments in equity instruments designated at FVOCI</i>	
Domestic non-marketable equity securities	2,306
Total	2,306
Total investments, net	4,807,643
	Consolidated and the Bank 31 December 2019
	<i>(in thousand Baht)</i>
<i>Available-for-investments - Fair value</i>	
Government and state enterprise securities	1,391,048
Private enterprise debt securities	300,472
Total	1,691,520
<i>General investment - Cost</i>	
Domestic non-marketable equity securities	2,083
Total	2,083
Total investments	1,693,603

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As at 30 June 2020 and 31 December 2019, the Group had some investments in securities pledged as collateral as disclosed in note 27.

As at 30 June 2020 and 31 December 2019, the Group 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.

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

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

	Consolidated and the Bank
	31 December 2019
	<i>(in thousand Baht)</i>
<i>Debt securities</i>	
Revaluation surplus on investments	1,537
Surplus on reclassification	90
Net revaluation surplus on investments	1,627
Less deferred tax	(325)
Net	1,302

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

	Consolidated and the Bank		
	31 December 2019		
	Remaining periods		Total
	Within 1 year	Over 1 year to 5 years	
	<i>(in thousand Baht)</i>		
<i>Available-for-sale investments</i>			
Government and state enterprises enterprises securities	1,334,873	55,078	1,389,951
Private enterprise debt securities	290,032	10,000	300,032
Total	1,624,905	65,078	1,689,983
Add/(less) allowance for revaluation	1,116	421	1,537
Total	1,626,021	65,499	1,691,520

12 Investments in subsidiary, net

Company	Type of business	Type of share	The Bank		Cost		Dividend income for the six-month period ended	
			Percentage of ownership interest		30 June	31 December	30 June	30 June
			30 June	31 December	30 June	31 December	30 June	30 June
			2020	2019	2020	2019	2020	2019
			(%)		<i>(in thousand Baht)</i>			
Subsidiary								
Thai Micro Digital Solutions Co., Ltd.	Financial services	Ordinary	100.00	100.00	150,000	150,000	-	-
Total					150,000	150,000	-	-

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
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13 Loans to customers and accrued interest receivables, net

13.1 Classified by loan type

	Consolidated and the Bank	
	30 June 2020	
	<i>(in thousand Baht)</i>	
Overdrafts		228,392
Loans		53,857,659
Notes		4,903,696
Hire-purchase receivables		1,612,284
Total loans to customers		60,602,031
Add accrued interest receivables and undue interest receivables		775,125
Total loans to customers and accrued interest receivables		61,377,156
Less allowance for expected credit loss		(2,636,560)
Loans to customers and accrued interest receivables, net		58,740,596
		<hr/>
	Consolidated and the Bank	
	31 December 2019	
	<i>(in thousand Baht)</i>	
Overdrafts		268,988
Loans		47,805,380
Notes		1,211,098
Hire-purchase receivables		1,630,676
Loans to customers net of deferred revenue		50,916,142
Add accrued interest receivables		283,999
Total loans to customers net of deferred revenue and accrued interest receivables		51,200,141
Less allowance for doubtful accounts		
- Minimum provision according to the BoT's requirement		(1,429,983)
- Excess provision		(1,040,981)
Less revaluation allowance for debt restructuring		(241,326)
Loans to customers and accrued interest receivables, net		48,487,851

13.2 Classified by residency of debtors

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Thai Baht</i>		
Domestic	60,602,031	50,916,142
Total*	60,602,031	50,916,142

* Total loans to customers (31 December 2019: loans to customers net of deferred revenue)

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13.3 Classified by loan classification

	Consolidated and the Bank 30 June 2020 (in thousand Baht)
Loans to customers and accrued interest receivable*	
Financial assets that are not significant increase in credit risk (Performing)	56,153,068
Financial assets that are significant increase in credit risk (Under-performing)	3,082,859
Financial assets that are credit impaired (Non-performing)	2,141,229
Total	<u>61,377,156</u>

* Total loans to customers and accrued interest receivables

	Consolidated and the Bank 31 December 2019			
	Loans to customers and accrued interest receivables (in thousand Baht)	Net amount used to set the allowance for doubtful accounts	Minimum rates required (%)	Allowance for doubtful accounts (in thousand Baht)
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*	<u>51,200,141</u>	<u>19,460,975</u>		<u>1,429,983</u>
Excess provision				1,040,981
Total				<u>2,470,964</u>

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

13.4 Non-performing loans

As at 30 June 2020 and 31 December 2019, the Group had loans to customers classified as credit impaired under TFRS 9 and non-performing loans (NPLs). 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	
	30 June 2020	31 December 2019
Net NPLs (principal net of allowance for expected credit loss or allowance for doubtful accounts)		
NPLs after allowance for expected credit loss or allowance for doubtful accounts on NPLs (in thousand Baht)	1,523,001	1,242,731
Total loans after allowance for expected credit loss or allowance for doubtful accounts on NPLs (in thousand Baht)	59,983,803	49,668,605
Percentage of net NPLs (%)	2.54	2.50
NPLs (principal)		
NPLs (in thousand Baht)	2,085,615	2,490,268
Total loans (in thousand Baht)	60,602,031	50,916,142
Percentage of NPLs (%)	3.44	4.89

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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.

During the six-month period ended 30 June 2020, the Bank sold parts of its loans to customers to third parties as a total price of Baht 48.84 million (*During the year ended 31 December 2019: Baht 503.79 million*). The Bank had already received partial payments as amount of Baht 11.81 million (*31 December 2019: Baht 503.79 million*).

13.5 Modified loans to customers and debt restructuring

**Consolidated
and the Bank**
30 June 2020
(in thousand Baht)

Loans to customers modified since initial recognition

Gross carrying amount of loans to customers previously modified for which allowance for expected credit loss has changed during the period to an amount equal to 12-month ECL from lifetime 175,294

During the six-month period ended 30 June 2020, the Group had no loans to customers modified except loans to customers modified under relief programs as mentioned in note 5. There was no modification gain (loss) on these groups of customers.

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

	Consolidated and the Bank 31 December 2019	
	Number of loans <i>(items)</i>	Outstanding balance after restructuring <i>(in thousand Baht)</i>
Restructured debts	3,252	7,210,713

Details of customers whose debts have been restructured during the six-month period ended 30 June 2019 were as follows:

<i>For the six-month period ended 30 June</i>	Consolidated and the Bank 2019		
	Number of loans <i>(items)</i>	Outstanding balance before restructuring <i>(in thousand Baht)</i>	Outstanding balance after restructuring
Restructuring method			
Modifications of terms of receivables	271	748,340	742,258
Total	271	748,340	742,258

As at 31 December 2019, the weighted average terms of the above-mentioned restructuring were 8.42 year.

For the six-month period ended 30 June 2019, the Group recognised losses from troubled debt restructuring amounting Baht 6.08 million in the consolidated profit or loss and the Bank's profit or loss. The Group also recognised interest income from the restructured loans amounting to Baht 196.14 million in the consolidated profit or loss and the Bank's profit or loss.

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

	Consolidated and the Bank
	31 December 2019
	<i>(in thousand Baht)</i>
Pass	3,854,961
Special mention	2,395,234
Sub-standard	326,745
Doubtful	357,425
Doubtful loss	276,348
Total	<u>7,210,713</u>

13.6 Hire-purchase receivables

	Consolidated and the Bank						Total
	30 June 2020						
	Portion due within 1 year	Portion due over 1 year but within 2 years	Portion due over 2 years but within 3 years	Portion due over 3 years but within 4 years	Portion due over 4 years but within 5 years	Portion due over 5 years	
	<i>(in thousand Baht)</i>						
Hire-purchase receivables	502,471	403,209	255,908	132,868	98,758	219,070	1,612,284
Less unearned interest income	-	-	-	-	-	-	-
Present value of minimum lease payments receivables	<u>502,471</u>	<u>403,209</u>	<u>255,908</u>	<u>132,868</u>	<u>98,758</u>	<u>219,070</u>	1,612,284
Less allowance for expected credit loss							(37,458)
Hire-purchase receivables, net							<u>1,574,826</u>

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

13.7 Revaluation allowance for debt restructuring

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

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14 Allowance for expected credit loss and allowance for doubtful accounts

Allowance for expected credit loss as at 30 June 2020 was as follows:

	Financial assets that are not significant increase in credit risk	Consolidated and the Bank 30 June 2020		Total
		Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
Investments in debt instruments	463	-	40,363	40,826
Loans to customers and accrued interest receivables	1,718,005	300,327	618,228	2,636,560
Other financial assets	53	610	4,989	5,652
Total	1,718,521	300,937	663,580	2,683,038

The movements in allowance for expected credit loss of financial assets during the period were as follows:

<i>For the six-month period ended 30 June</i>	Financial assets that are not significant increase in credit risk	Consolidated and the Bank 2020		Total
		Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
<i>Investments in debt instruments</i>				
At 1 January - restated (see note 3)	1,070	-	-	1,070
Change from stage reclassification	(16)	-	16	-
Change from remeasurement of ECL	(591)	-	40,347	39,756
At 30 June	463	-	40,363	40,826
<i>Loans to customers and accrued interest receivables</i>				
At 1 January - restated (see note 3)	1,271,428	505,292	939,775	2,716,495
Change from stage reclassification	284,800	(239,603)	(45,197)	-
Change from remeasurement of ECL	(478,632)	(86,517)	334,808	(230,341)
Purchased or acquired	640,409	121,155	11,435	772,999
Write-off	-	-	(622,593)	(622,593)
At 30 June	1,718,005	300,327	618,228	2,636,560

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<i>For the six-month period ended 30 June</i>	Consolidated and the Bank 2020			Total
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	
<i>Other financial assets</i>				
At 1 January - restated (see note 3)	64	808	8,411	9,283
Change from stage reclassification	4,176	35	(4,211)	-
Change from remeasurement of ECL	(4,226)	(799)	5,681	656
Purchased or acquired	39	566	102	707
Write-off	-	-	(4,994)	(4,994)
At 30 June	53	610	4,989	5,652
<i>Undrawn loan commitments and financial guarantee contracts</i>				
At 1 January - restated (see note 3)	118	-	-	118
Change from remeasurement of ECL	(118)	-	-	(118)
At 30 June	-	-	-	-

The movements in allowance for doubtful accounts during the year ended 31 December 2019 were as follows:

	Consolidated and the Bank 31 December 2019						Total
	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

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15 Properties for sale, net

During the six-month period ended 30 June 2020 and the year ended 31 December 2019, changes to the properties for sale, net were as follows:

	At 1 January 2020	Consolidated and the Bank		At 30 June 2020
		Additions <i>(in thousand Baht)</i>	Disposals	
Assets from settlement of debts				
- Immovable assets	151,405	206	(123)	151,488
- Movable asset	7,112	29,520	(36,632)	-
Total	158,517	29,726	(36,755)	151,488
Less allowance for impairment losses	(180)	-	-	(180)
Net	158,337	29,726	(36,755)	151,308

	At 1 January 2019	Consolidated and the Bank		At 31 December 2019
		Additions <i>(in thousand Baht)</i>	Disposals	
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

As at 30 June 2020 and 31 December 2019, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank	
	30 June 2020	31 December 2019
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	122,076	121,993
- Appraised by internal appraisers	29,412	29,412
Total	151,488	151,405

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16 Premises and equipment, net

During the six-month period ended 30 June 2020 and the year ended 31 December 2019, changes in premises and equipment were as follows:

	Consolidated						Total
	Premises	Leasehold improvement	Furniture fixtures and equipment	Computers and accessories	Right-of-use assets	Others	
	<i>(in thousand Baht)</i>						
Cost							
At 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
Impact of changes in accounting policy	-	-	-	-	707,648	-	707,648
At 1 January 2020	66,090	299,872	214,781	195,145	707,648	294	1,483,830
Additions	-	6,074	5,622	9,082	135,298	3,286	159,362
Transfers in	-	-	-	4,610	-	-	4,610
At 30 June 2020	66,090	305,946	220,403	208,837	842,946	3,580	1,647,802
Accumulated depreciation							
At 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 and 1 January 2020	(7,140)	(116,750)	(148,190)	(137,978)	-	(1)	(410,059)
Depreciation charge for the period	(1,317)	(44,184)	(11,643)	(10,619)	(72,900)	-	(140,663)
At 30 June 2020	(8,457)	(160,934)	(159,833)	(148,597)	(72,900)	(1)	(550,722)
Net book value							
At 1 January 2019	61,592	141,668	84,537	73,744	-	8,325	320,051
At 31 December 2019	58,950	183,122	66,591	77,167	-	293	366,123
At 1 January 2020	58,950	183,122	66,591	77,167	707,648	293	1,073,771
At 30 June 2020	57,633	145,012	60,570	60,240	770,046	3,579	1,097,080

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	The Bank						Total
	Premises	Leasehold improvement	Furniture fixtures and equipment	Computers and accessories <i>(in thousand Baht)</i>	Right-of-use assets	Others	
<i>Cost</i>							
At 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
Impact of changes in accounting policy	-	-	-	-	707,648	-	707,648
At 1 January 2020	66,090	299,872	214,724	194,897	707,648	294	1,483,525
Additions	-	6,074	5,596	9,077	135,298	3,286	159,331
Transfers in	-	-	-	4,610	-	-	4,610
At 30 June 2020	66,090	305,946	220,320	208,584	842,946	3,580	1,647,466
<i>Accumulated depreciation</i>							
At 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 and 1 January 2020	(7,140)	(116,750)	(148,187)	(137,958)	-	(1)	(410,036)
Depreciation charge for the period	(1,317)	(44,184)	(11,634)	(10,594)	(72,900)	-	(140,629)
At 30 June 2020	(8,457)	(160,934)	(159,821)	(148,552)	(72,900)	(1)	(550,665)
<i>Net book value</i>							
At 1 January 2019	61,592	141,668	58,417	50,049	-	8,325	320,051
At 31 December 2019	58,950	183,122	66,537	56,939	-	293	365,841
At 1 January 2020	58,950	183,122	66,537	56,939	707,648	293	1,073,489
At 30 June 2020	57,633	145,012	60,499	60,032	770,046	3,579	1,096,801

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17 Intangible assets, net

During the six-month period ended 30 June 2020 and the year ended 31 December 2019, 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
<i>Cost</i>				
At 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 and 1 January 2020	211,268	32,621	48,238	292,127
Additions	100	-	4,889	4,989
Transfers in (out)	36,103	-	(40,713)	(4,610)
At 30 June 2020	247,471	32,621	12,414	292,506
<i>Accumulated amortisation</i>				
At 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the year	(18,675)	-	-	(18,675)
At 31 December 2019 and 1 January 2020	(130,197)	-	-	(130,197)
Amortisation for the period	(11,325)	-	-	(11,325)
At 30 June 2020	(141,522)	-	-	(141,522)
<i>Net book value</i>				
At 1 January 2019	78,832	32,621	39,976	151,429
At 31 December 2019 and 1 January 2020	81,071	32,621	48,238	161,930
At 30 June 2020	105,949	32,621	12,414	150,984

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	The Bank			
	Computers software	Initial service fee of ITMX <i>(in thousand Baht)</i>	Computer software under developments	Total
<i>Cost</i>				
At 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 and 1 January 2020	211,107	32,621	40,028	283,756
Additions	100	-	4,889	4,989
Transfers in (out)	27,893	-	(32,503)	(4,610)
At 30 June 2020	239,100	32,621	12,414	284,135
<i>Accumulated amortisation</i>				
At 1 January 2019	(111,522)	-	-	(111,522)
Amortisation for the year	(18,668)	-	-	(18,668)
At 31 December 2019 and 1 January 2020	(130,190)	-	-	(130,190)
Amortisation for the period	(11,026)	-	-	(11,026)
At 30 June 2020	(141,216)	-	-	(141,216)
<i>Net book value</i>				
At 1 January 2019	78,832	32,621	36,102	147,555
At 31 December 2019 and 1 January 2020	80,917	32,621	40,028	153,566
At 30 June 2020	97,884	32,621	12,414	142,919

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18 Deferred tax assets

Movements in deferred tax assets and liabilities during the six-month period ended 30 June 2020 and 2019 were as follows:

	At 1 January 2020	Consolidated and the Bank (Charged) / Credited to:		At 30 June 2020
		Profit or loss <i>(note 38)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets				
Loans to customers and accrued interest receivables	116,921	59,312	-	176,233
Properties for sale	36	-	-	36
Provisions	25,148	3,568	-	28,716
Lease liabilities	-	154,250	-	154,250
Reserve for share-based payment	6,982	-	-	6,982
Others	-	-	-	-
Total	149,087	217,130	-	366,217
Deferred tax liabilities				
Premises and equipment	(1,546)	(153,828)	-	(155,374)
Others	(370)	-	(128)	(498)
Total	(1,916)	(153,828)	(128)	(155,872)
Net	147,171	63,302	(128)	210,345
	At 1 January 2019	Consolidated and the Bank (Charged) / Credited to:		At 30 June 2019
		Profit or loss <i>(note 38)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	147	-	165,182
Properties for sale	36	-	-	36
Provisions	17,575	3,309	-	20,884
Reserve for share-based payment	4,108	2,873	-	6,981
Others	146	776	-	922
Total	186,900	7,105	-	194,005
Deferred tax liabilities				
Premises and equipment	(1,424)	(153)	-	(1,577)
Others	(54)	2	17	(35)
Total	(1,478)	(151)	17	(1,612)
Net	185,422	6,954	17	192,393

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	At 1 January 2019	The Bank (Charged) / Credited to:		At 30 June 2019
		Profit or loss	Other comprehensive income	
		(note 38) (in thousand Baht)		
Deferred tax assets				
Loans to customers and accrued interest receivables	165,035	147	-	165,182
Properties for sale	36	-	-	36
Provisions	17,575	3,309	-	20,884
Reserve for share-based payment	4,108	2,873	-	6,981
Others	-	-	-	-
Total	186,754	6,329	-	193,083
Deferred tax liabilities				
Premises and equipment	(1,424)	(153)	-	(1,577)
Others	(54)	2	17	(35)
Total	(1,478)	(151)	17	(1,612)
Net	185,276	6,178	17	191,471

19 Other assets, net

	Consolidated		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(in thousand Baht)			
Deferred leasehold rights	-	6,703	-	6,703
Accrued fee income	46,987	109,547	46,987	109,547
Accrued interest income	6,469	2,989	6,469	2,989
Prepaid expenses	197,023	172,977	196,913	172,958
Supplies	5,967	5,184	5,967	5,184
Deposits and guarantee	54,657	52,826	54,657	52,826
Accounts receivable - counter service	40,513	56,687	40,513	56,687
Other receivables, net	45,425	11,516	44,572	11,516
Advance to customers	49,010	42,474	49,010	42,474
Others	32,344	6,153	36,474	5,495
Total	478,395	467,056	481,562	466,379

20 Deposits

20.1 Classified by type of deposits

	Consolidated		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(in thousand Baht)			
Current	70,778	83,911	194,984	215,152
Savings	14,941,249	18,619,920	14,943,614	18,619,930
Term	46,153,005	28,489,664	46,153,005	28,489,664
Total	61,165,032	47,193,495	61,291,603	47,324,746

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20.2 Classified by currency and residency of depositors

	Consolidated		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	Domestic		Domestic	
	<i>(in thousand Baht)</i>			
Thai Baht	61,165,032	47,193,495	61,291,603	47,324,746
Total	61,165,032	47,193,495	61,291,603	47,324,746

21 Interbank and money market items (liabilities)

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
<i>Domestic</i>		
Commercial banks	27,700	-
Specialised financial institutions	4,205,206	206,188
Other financial institutions	701,699	928,933
Total domestic	4,934,605	1,135,121

22 Provisions

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Provision for post-employment benefits	130,349	112,687
Provision for decommissioning cost of leasehold improvement	13,230	13,052
Total	143,579	125,739

As at 30 June 2020, the Group exposed to credit risk in respect of undrawn loan commitments and financial guarantee contracts as total amount of Baht 313 million.

Provision for post-employment benefits

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>	
Statement of financial position		
Provisions for		
Post-employment benefits		
Defined benefit plan	130,349	112,687
Total	130,349	112,687

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<i>For the six-month period ended 30 June</i>	Consolidated and the Bank	
	2020	2019
	<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	19,722	21,365
Total	19,722	21,365

The Group operates 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.

Present value of the defined benefit obligations

	Consolidated and the Bank	
	30 June	31 December
	2020	2019
	<i>(in thousand Baht)</i>	
Beginning balance	112,687	77,199
Include in profit or loss		
Current service cost	18,905	36,351
Past service cost	-	4,580
Interest on obligation	817	1,799
	19,722	42,730
Included in other comprehensive income		
Actuarial gains	-	(299)
	-	(299)
Other		
Benefit paid	(2,060)	(6,943)
	(2,060)	(6,943)
Ending balance	130,349	112,687

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

	Consolidated and the Bank	
	30 June	31 December
	2020	2019
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	9,788
Financial assumptions	-	6,783
Experience adjustment	-	(16,870)
Total	-	(299)

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Actuarial assumptions

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

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	<i>(% per annum)</i>	
Discount rate	1.45	1.45
Future salary growth	5.00	5.00

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

At 30 June 2020, the weighted-average duration of the defined benefit obligation was 7.91 years (31 December 2019: 7.91 years).

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 30 June 2020		
Discount rate (1% movement)	(10,103)	11,401
Future salary growth (1% movement)	10,903	(9,845)
At 31 December 2019		
Discount rate (1% movement)	(8,195)	9,254
Future salary growth (1% movement)	8,326	(7,541)

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.

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23 Other liabilities

	Note	Consolidated		The Bank	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		<i>(in thousand Baht)</i>			
Lease liabilities	31	768,355	-	768,355	-
Value added tax payable		5,845	6,455	5,845	6,455
Other payables - purchase of assets		2,429	1,277	2,429	1,277
Accrued interest expenses		196,080	169,483	196,080	169,483
Other payables		69,881	41,413	68,176	41,054
Accrued expenses		360,044	499,836	357,657	498,579
Withholding tax payable		17,116	18,851	17,089	18,644
Accrued specific business tax		13,558	17,142	13,558	17,142
Accrued corporate income tax		290,532	194,492	290,532	194,492
Others		13,298	29,482	13,298	29,482
Total		1,737,138	978,431	1,733,019	976,608

24 Offsetting of financial assets and financial liabilities

	Consolidated and the Bank					Net amount
	30 June 2020					
	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position	Amount of unoffsetting in statement of financial position Offsetting amount which is not met the accounting standard's conditions	Relevant financial collateral amount	
<i>Financial assets</i>						
Reverse repurchase agreements	6,800,000	-	6,800,000	-	6,867,115	-
Total	6,800,000	-	6,800,000	-	6,867,115	-

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Reconciliation of net amount presented in statement of financial position with the caption in statement of financial position as follows:

Financial instrument type	Net amount presented in statement of financial position (in thousand Baht)	Caption in statement of financial position	Notes	Consolidated and the Bank 30 June 2020	
				Carrying amount presented in statement of financial position	Carrying amount in statement of financial position not under the offsetting conditions
				(in thousand Baht)	
Financial assets					
Reverse repurchase agreements	9,659,562	Interbank and money market (assets)	10	6,800,000	2,859,562
Total	9,659,562			6,800,000	2,859,562

25 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 are 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 (in million warrants)
At 1 January 2019	10	15.625
At 31 December 2019 and 1 January 2020	10	15.625
At 30 June 2020	10	15.625

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As at 30 June 2020 and 31 December 2019, share options outstanding and its expired date and exercise prices were as follows:

	Exercise price (Baht / share)	30 June 2020 (in million warrants)	31 December 2019
Expired date:			
31 March 2022	10	15.625	15.625

As at 30 June 2020, the remaining contractual life of the total 15.625 million warrants (31 December 2019: 15.625 million warrants) was 1.73 years (31 December 2019: 2.23 years).

For the six-month period ended 30 June 2020, the Group had no stock options expense recognised.

For the six-month period ended 30 June 2019, the Group had stock options expense recognised in the consolidated profit or loss and the Bank's profit or loss during the period amounting to 14.37 million.

26 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 investments measured at FVOCI

The fair value changes in investments account measured at FVOCI within equity comprises the cumulative net change in the fair value of investments measured at FVOCI until the investments are derecognised or impaired.

27 Assets pledged as collateral and under restriction

As at 30 June 2020 and 31 December 2019, the Group had investments in securities under obligations and restrictions were as follows:

	Consolidated and the Bank	
	30 June 2020	31 December 2019
	(in thousand Baht)	
Investments in securities		
- Pledged as collateral for liquidity management	726,865	425,570
- Pledged as other collaterals	50	50
Total	726,915	425,620

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28 Contingent liabilities

	Consolidated		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Other contingencies				
- Amount of unused bank overdrafts	146,037	174,919	146,037	174,919
- Other guarantees	166,910	168,756	166,910	168,756
- Others				
Capital commitments	15,190	10,371	15,190	10,371
Other agreements	246,739	230,143	223,519	206,802
Total	574,876	584,189	551,656	560,848

29 Related parties

Relationships with subsidiary are described in note 12. Other related parties that the Group had significant transactions with during the period 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
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

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Name of entity	Country of incorporation/ nationality	Nature of relationship
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 six-month period ended 30 June 2020 and 2019 with related parties were as follows:

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Interest expenses				
Parent company	7	4	7	4
Subsidiary	-	-	144	118
Major shareholders	745	626	745	626
Other related parties	977	1,283	977	1,283
Key management personnel of the Bank	516	587	516	587
Fees and service income				
Subsidiary	-	-	885	3,000
Major shareholders	164,640	99,128	164,640	99,128
Other related parties	27,112	51,179	27,112	51,179
Other operating income				
Parent company	83	76	83	76
Subsidiary	-	-	3,250	231
Other operating expenses				
Major shareholders	3,635	4,073	3,635	4,073
Other related parties	15,513	15,401	15,513	15,401

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Balances as at 30 June 2020 and 31 December 2019 with related parties were as follows:

	Consolidated		The Bank	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	<i>(in thousand Baht)</i>			
Other assets				
Subsidiary	-	-	4,817	-
Major shareholders	38,380	39,710	38,380	39,710
Other related parties	18,139	21,285	18,139	21,285
Deposits				
Parent company	850	2,808	850	2,808
Subsidiary	-	-	126,571	131,251
Major shareholders	402,440	612,772	402,440	612,772
Other related parties	210,559	150,257	210,559	150,257
Key management personnel of the Bank	115,375	88,881	115,375	88,881
Other liabilities				
Subsidiary	-	-	388	-
Major shareholders	12	36	12	36
Other related parties	226	120	226	120
Key management personnel of the Bank	509	333	509	333

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.

30 Other benefits to directors and persons with managing authority

For the six-month period ended 30 June 2020 and 2019, benefits to key management personnel were as follows:

<i>For the six-month ended 30 June</i>	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Short-term benefits	95,520	108,481
Post-employment benefits	5,309	3,511
Reserve for share based payment	-	4,371
Total	100,829	126,363

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31 Leases

31.1 Leases as lessee

As at 30 June 2020, the Group has several lease agreements of building, office spaces and vehicles with local companies and non-related persons. The leases typically run for period between 0.5 - 19 years (31 December 2019: 0.5 - 19 years), with an option to renew the lease after that date.

Extension and termination options reasonably certain to be exercised have been included to carrying amount of right-of-use assets and lease liabilities.

Right-of-use assets

	Consolidated and the Bank		
	Building and office spaces	Vehicles <i>(in thousand Baht)</i>	Total
At 1 January 2020	675,707	31,941	707,648
Addition	135,298	-	135,298
Depreciation charge for the period	(66,058)	(6,842)	(72,900)
At 30 June 2020	<u>744,947</u>	<u>25,099</u>	<u>770,046</u>

Lease liabilities

Maturity analysis of lease liabilities as at 30 June 2020 is disclosed as follows:

	Consolidated and the Bank			Total
	30 June 2020			
	Less than 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	Over 5 years	
Lease liabilities	136,395	394,178	237,782	768,355

Future minimum lease payments

At 31 December 2019, the future minimum lease payments under non-cancellable operating leases were as follows:

	Consolidated	The Bank
	31 December 2019 <i>(in thousand Baht)</i>	
Within one year	133,523	127,996
After one year but within five years	140,273	122,459
After five years	1,152	1,152
Total	<u>274,948</u>	<u>251,607</u>

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Amount recognised in profit or loss

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Income from subleasing	83	-	333	306
Interest expense on lease liabilities	(9,858)	-	(9,858)	-
Expenses relating to short-term leases	(44)	-	(44)	-
Lease expense under operation leases	-	(68,493)	-	(68,493)

31.2 Leases as lessor

Operating leases

The Bank has agreements for office rentals to the parent and its subsidiary as disclosed in note 28.

The following table sets out a maturity analysis of lease payments, showing undiscounted lease payments to be received as at 30 June 2020 and 31 December 2019.

	Consolidated						Total
	30 June 2020						
	Portion due within 1 year	Portion due over 1 year but within 2 years	Portion due over 2 years but within 3 years	Portion due over 3 years but within 4 years	Portion due over 4 year but within 5 years	Portion due over 5 years	
Lease payments	166	83	-	-	-	-	249

	The Bank						Total
	30 June 2020						
	Portion due within 1 year	Portion due over 1 year but within 2 years	Portion due over 2 years but within 3 years	Portion due over 3 years but within 4 years	Portion due over 4 year but within 5 years	Portion due over 5 years	
Lease payments	665	333	-	-	-	-	998

	Consolidated			Total
	31 December 2020			
	Portion due within 1 year	Portion due over 1 year but within 5 years	Portion due over 5 years	
Lease payments	166	166	-	332

	The Bank			Total
	31 December 2019			
	Portion due within 1 year	Portion due over 1 year but within 5 years	Portion due over 5 years	
Lease payments	665	665	-	1,330

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Finance leases

Leases which are classified in finance leases are hire-purchase contracts as presented in note 13.6.

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

The Group 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.

33 Interest income

<i>For the six-month period ended 30 June</i>	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	21,648	42,454
Investments in debt instruments	10,677	10,628
Loans to customers	3,329,015	2,635,505
Hire-purchase	71,420	67,819
Total	3,432,760	2,756,406

34 Interest expenses

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Deposits	480,828	381,438	480,972	381,556
Interbank and money market items	2,964	1,711	2,964	1,711
Contribution to Deposit Protection Agency and BoT	64,299	102,664	64,299	102,664
Total	548,091	485,813	548,235	485,931

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35 Net fees and service income

<i>For the six-month period ended 30 June</i>	Consolidated	
	2020	2019
	<i>(in thousand Baht)</i>	
Fee and service income		
- Acceptances, aval and guarantees	769	1,711
- Management fee	21,082	30,435
- Brokerage fee	183,939	136,720
- Others	7,485	4,476
Total	213,275	172,802
Fee and service expenses		
- Fee and service expenses on ATM	(5,314)	(5,472)
- Loan guarantee commission expenses	(139,553)	(88,838)
- Legal fee	(12,298)	(7,796)
- Collection and recovery expenses	(16,177)	(8,868)
- Others	(13,638)	(8,340)
Total	(186,980)	(119,314)
Net	26,295	53,488

<i>For the six-month period ended 30 June</i>	The Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Fee and service income		
- Acceptances, aval and guarantees	769	1,171
- Management fee	21,082	30,435
- Brokerage fee	183,939	136,720
- Others	8,364	4,476
Total	214,154	172,802
Fee and service expenses		
- Fee and service expenses on ATM	(5,314)	(5,472)
- Loan guarantee commission expenses	(139,553)	(88,838)
- Legal fee	(12,298)	(7,796)
- Collection and recovery expenses	(16,177)	(8,868)
- Others	(13,635)	(8,340)
Total	(186,977)	(119,314)
Net	27,177	53,488

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36 Gains on investments, net

	Consolidated and the Bank 2020 (in thousand Baht)
<i>For the six-month period ended 30 June</i>	
Gains on derecognition	
- Investments in debt instruments measured at FVOCI	7
Total	<u>7</u>
	Consolidated and the Bank 2019 (in thousand Baht)
<i>For the six-month period ended 30 June</i>	
Gains on sales	
- Available-for-sale investments	420
Total	<u>420</u>

37 Expected credit loss and impairment loss on loans and debt securities

	Consolidated and the Bank 2020 (in thousand Baht)
<i>For the six-month period ended 30 June</i>	
Expected credit loss (reversal)	
Investments in debt instruments measured at FVOCI	39,756
Loans to customers and accrued interest receivables	550,890
Undrawn loan commitments and financial guarantee contracts	(118)
Total	<u>590,528</u>
	Consolidated and the Bank 2019 (in thousand Baht)
<i>For the six-month period ended 30 June</i>	
Bad debts and doubtful accounts	
- Loans to customers	585,748
- Other receivables	6,793
Loss on debt restructuring	6,082
Reversal of revaluation allowance for debt restructuring of the disposed debts	(20,606)
Total	<u>587,017</u>

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38 Income tax expense

Income tax recognised in profit or loss

<i>For the six-month period ended 30 June</i>	<i>Note</i>	Consolidated		The Bank	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Current tax					
Current period		96,326	69,794	96,326	69,794
Over provided in prior period		(287)	(288)	(287)	(288)
		<u>96,039</u>	<u>69,506</u>	<u>96,039</u>	<u>69,506</u>
Deferred tax					
Movements in temporary differences	18	(63,302)	(6,954)	(63,302)	(6,178)
Total		<u>32,737</u>	<u>62,552</u>	<u>32,737</u>	<u>63,328</u>

Income tax recognised in other comprehensive income

<i>For six-month period ended 30 June</i>	Consolidated and the Bank					
	Before tax	2020 Tax expense	Net of tax	Before tax	2019 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Investments in debt instruments measured at FVOCI	638	(128)	510	-	-	-
Available-for-sale investments	-	-	-	(87)	17	(70)
Total	<u>638</u>	<u>(128)</u>	<u>510</u>	<u>(87)</u>	<u>17</u>	<u>(70)</u>

Reconciliation of effective tax rate

<i>For the six-month period ended 30 June</i>	Consolidated			
	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax		793,324		305,993
Income tax using the Thai corporation tax rate	20.00	158,665	20.00	61,199
Tax effect of income or expenses that are not taxable income or expenses	(15.85)	(125,641)	0.54	1,641
Over provided in prior period	(0.04)	(287)	(0.10)	(288)
Total	<u>4.11</u>	<u>32,737</u>	<u>20.44</u>	<u>62,552</u>

<i>For the six-month period 30 June</i>	The Bank			
	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax		804,446		309,874
Income tax using the Thai corporation tax rate	20.00	160,889	20.00	61,975
Tax effect of income or expenses that are not taxable income or expenses	(15.89)	(127,865)	0.53	1,641
Over under provided in prior period	(0.03)	(287)	(0.09)	(288)
Total	<u>4.08</u>	<u>32,737</u>	<u>20.44</u>	<u>63,328</u>

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39 Earnings per share

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Profit attributable to ordinary shareholders of the Bank (basic and diluted)	<u>760,587</u>	<u>243,441</u>	<u>771,709</u>	<u>246,546</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding (basic) at 30 June	500,000	500,000	500,000	500,000
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 30 June	<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>1.52</u>	<u>0.49</u>	<u>1.54</u>	<u>0.49</u>
Earnings per share (diluted) <i>(in Baht)</i>	<u>1.48</u>	<u>0.47</u>	<u>1.50</u>	<u>0.48</u>