

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

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the consolidated and the Bank's financial statements of The Thai Credit Retail Bank Public Company Limited and its subsidiary (the "Group"), and of The Thai Credit Retail Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2020, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2020 and their financial performance and cash flows for the year 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 Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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



(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
26 March 2021

The Thai Credit Retail Bank Public Company Limited and its Subsidiary


Statements of financial position

Assets	Note	Consolidated		The Bank	
		31 December	31 December	31 December	31 December
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Cash		521,068	473,622	521,068	473,622
Interbank and money market items, net	10	7,521,365	4,415,607	7,521,365	4,415,607
Investments, net	11	3,463,280	1,693,603	3,463,280	1,693,603
Investments in subsidiary, net	12	-	-	150,000	150,000
Loans to customers and accrued interest receivables, net	13	66,822,686	48,487,851	66,822,686	48,487,851
Properties for sale, net	15	156,496	158,337	156,496	158,337
Premises and equipment, net	16, 32	1,126,480	366,123	1,126,123	365,841
Intangible assets, net	17	162,036	161,930	150,136	153,566
Deferred tax assets	18	259,746	269,942	259,658	269,942
Other assets, net	19, 30	544,943	467,056	550,088	466,379
Total assets		80,578,100	56,494,071	80,720,900	56,634,748

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


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

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2020	2019	2020	2019
		(in thousand Baht)			
Liabilities					
Deposits	20, 30	64,510,062	47,193,495	64,626,468	47,324,746
Interbank and money market items	21	5,675,614	1,135,121	5,675,614	1,135,121
Liabilities payable on demand		63,288	58,716	63,288	58,716
Provisions	22	169,036	125,739	168,595	125,739
Other liabilities	23, 30, 32	1,919,913	978,431	1,908,778	976,608
Total liabilities		72,337,913	49,491,502	72,442,743	49,620,930
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		38,060	36,208	38,060	36,208
Retained earnings					
Appropriated					
Legal reserve	27	170,821	100,843	170,821	100,843
Unappropriated		3,031,306	1,865,518	3,069,276	1,876,767
Equity attributable to equity holders of the Bank		8,240,187	7,002,569	8,278,157	7,013,818
Total equity		8,240,187	7,002,569	8,278,157	7,013,818
Total liabilities and equity		80,578,100	56,494,071	80,720,900	56,634,748



 Mr. Winyou Chaiyawan
 Director





 Mr. Roy Agustinus Gunara
 Director



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

		Consolidated		The Bank	
		Year ended		Year ended	
		31 December		31 December	
	Note	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Interest income	34	7,480,538	5,867,624	7,480,538	5,867,624
Interest expenses	30, 35	(1,109,674)	(1,023,405)	(1,109,890)	(1,023,690)
Net interest income		6,370,864	4,844,219	6,370,648	4,843,934
Fees and service income	30	403,053	418,553	405,844	418,553
Fees and service expenses		(392,866)	(272,236)	(393,835)	(272,236)
Net fees and service income	36	10,187	146,317	12,009	146,317
Losses on foreign exchange transactions, net		(8)	(92)	(8)	(92)
(Losses) gains on investments, net	37	(61)	623	(61)	623
Other operating income	30	201,004	145,807	207,004	152,288
Total operating income		6,581,986	5,136,874	6,589,592	5,143,070
Other operating expenses					
Employee expenses	31	2,272,594	2,024,523	2,263,244	2,024,523
Directors' remuneration	31	10,920	6,975	10,920	6,975
Premises and equipment expenses		493,514	423,526	492,298	423,526
Taxes and duties		217,977	194,651	217,939	194,651
Others	30	284,437	345,305	275,838	340,981
Total other operating expenses		3,279,442	2,994,980	3,260,239	2,990,656
Expected credit loss	38	1,737,767	-	1,737,767	-
Impairment loss on loans and debt securities	38	-	1,253,662	-	1,253,662
Profit from operations before income tax		1,564,777	888,232	1,591,586	898,752
Income tax	39	191,931	177,780	192,019	177,634
Profit for the year		1,372,846	710,452	1,399,567	721,118
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on investment in debt instruments at fair value through other comprehensive income		1,840	-	1,840	-
Gains on remeasuring available-for-sale investments		-	1,365	-	1,365
Income tax relating to items that will be reclassified subsequently to profit or loss	39	(368)	(273)	(368)	(273)
Total items that will be reclassified subsequently to profit or loss		1,472	1,092	1,472	1,092
<i>Items that will not be reclassified to profit or loss</i>					
Gains on investment in equity instruments at fair value through other comprehensive income		252	-	252	-
Gains on remeasurements of defined benefit obligations	22	5,739	299	5,739	299
Income tax relating to items that will not be reclassified to profit or loss	39	(1,198)	(60)	(1,198)	(60)
Total items that will not be reclassified subsequently to profit or loss		4,793	239	4,793	239
Total other comprehensive income for the year, net of income tax		6,265	1,331	6,265	1,331
Total comprehensive income for the year		1,379,111	711,783	1,405,832	722,449

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

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

	Note	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Profit attributable to:					
Equity holders of the Bank		1,372,846	710,452	1,399,567	721,118
Non-controlling interest		-	-	-	-
Profit for the year		<u>1,372,846</u>	<u>710,452</u>	<u>1,399,567</u>	<u>721,118</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		1,379,111	711,783	1,405,832	722,449
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		<u>1,379,111</u>	<u>711,783</u>	<u>1,405,832</u>	<u>722,449</u>
Earnings per share					
	40				
Basic earnings per share <i>(in Baht)</i>		<u>2.75</u>	<u>1.42</u>	<u>2.80</u>	<u>1.44</u>
Diluted earnings per share <i>(in Baht)</i>		<u>2.66</u>	<u>1.38</u>	<u>2.71</u>	<u>1.40</u>

 <hr style="width: 100%;"/> <p>Mr. Winyou Chaiyawan Director</p>		 <hr style="width: 100%;"/> <p>Mr. Roy Agustinus Gunara Director</p>
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The accompanying notes are an integral part of these financial statements.

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

	Consolidated		The Bank	
	Year ended		Year ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax	1,564,777	888,232	1,591,586	898,752
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	285,401	103,570	284,585	103,540
Expected credit losses	1,737,767	-	1,737,767	-
Impairment loss on loans and debt securities	-	1,253,662	-	1,253,662
Provision for employee benefits	39,884	42,730	39,443	42,730
Provision for decommissioning cost of leasehold improvement	344	2,374	344	2,374
Share-based payment	-	14,371	-	14,371
Losses on write-off of premises and equipment	148,596	464	148,596	464
Losses on sales of properties for sale	4,146	8,859	4,146	8,859
Losses (gains) on disposal of premises and equipment	7	(31)	7	(31)
Losses (gains) on disposal of investments	61	(623)	61	(623)
Net amortisation of premium (discount) on investments	133	(17,732)	133	(17,732)
Net interest income	(6,370,864)	(4,844,219)	(6,370,648)	(4,843,934)
Interest received	6,274,224	5,800,534	6,274,224	5,800,534
Interest paid	(1,050,784)	(805,104)	(1,051,000)	(805,389)
Dividend income	(55)	(43)	(55)	(43)
Income tax paid	(286,700)	(212,463)	(286,700)	(212,463)
Profit from operations before changes in operating assets and liabilities	2,346,937	2,234,581	2,372,489	2,245,071
Decrease (increase) in operating assets				
Interbank and money market items	(3,106,966)	(142,604)	(3,106,966)	(142,604)
Loans to customers	(18,824,536)	(7,057,781)	(18,824,536)	(7,057,781)
Properties for sale	(10,271)	(100,395)	(10,271)	(100,395)
Other assets	(93,148)	(152,881)	(107,538)	(152,329)
Increase (decrease) in operating liabilities				
Deposits	17,289,297	5,010,745	17,274,462	5,045,860
Interbank and money market items	4,540,493	323,678	4,540,493	323,678
Liabilities payable on demand	4,572	(31,541)	4,572	(31,541)
Provision for employee benefits	(10,370)	(6,943)	(10,370)	(6,943)
Other liabilities	67,907	129,831	70,068	128,822
Net cash provided by operating activities	2,203,915	206,690	2,202,403	251,838

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

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

	Note	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Cash flows from investing activities					
Interest received		22,154	24,589	22,154	24,589
Dividend received		55	43	55	43
Purchase of investments measured at fair value through other comprehensive income		(11,645,000)	-	(11,645,000)	-
Purchase of available-for-sale investments		-	(3,860,050)	-	(3,860,050)
Purchase of general investments		-	(250)	-	(250)
Proceeds from sales and redemption of investments measured at fair value through other comprehensive income		9,836,939	-	9,836,939	-
Proceeds from sales and redemption of available-for-sale investments		-	3,718,839	-	3,718,839
Purchase of investment in subsidiary		-	-	-	(50,000)
Purchase of premises and equipment		(62,517)	(131,383)	(62,297)	(131,148)
Proceeds from sales of premises and equipment		257	32	257	32
Purchase of intangible assets		(25,928)	(35,808)	(24,636)	(31,191)
Net cash used in investing activities		(1,874,040)	(283,988)	(1,872,528)	(329,136)
Cash flows from financing activities					
Cash paid for lease liabilities		(282,429)	-	(282,429)	-
Net cash used in financing activities		(282,429)	-	(282,429)	-
Net increase (decrease) in cash		47,446	(77,298)	47,446	(77,298)
Cash at 1 January		473,622	550,920	473,622	550,920
Cash at 31 December		521,068	473,622	521,068	473,622
Supplementary disclosures of cash flow information					
Non-cash transactions:					
Gains on investment in debt instruments at fair value through other comprehensive income		1,840	-	1,840	-
Gains on remeasuring available-for-sale investments		-	1,365	-	1,365
Increase in properties for sale due to debts settlement	15	43,177	160,304	43,177	160,304
Decrease in payable for purchases of equipment		(935)	(958)	(935)	(1,028)
Increase (decrease) in payable for purchases of intangible assets		2,983	(6,632)	-	(6,512)

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2020

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The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 March 2021.

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 year were V.C. Property Co., Ltd. and VNB Holding Company Limited which were incorporated in Thailand.

The principal business of the Bank are financial services under the scope of retail banking license. Its subsidiary is incorporated as a limited company under Thai laws and has been operating in Thailand. Details of the Bank’s subsidiary as at 31 December 2020 are given in note 12.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards and the regulations of the Bank of Thailand; guidelines promulgated by the Federation of Accounting Professions 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 a commercial bank and a holding companies which are the parent company of a financial group*”, 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*”.

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

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

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the financial statements
For the year ended 31 December 2020

(b) Functional and presentation currency

The 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 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 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 assets are solely payments of principal and interest (SPPI) on the principal amount outstanding;
- Note 3 Establishing the criteria for determining whether credit risk of 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 31 December 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 5 Impact of COVID-19 outbreak;
- Note 7 Measurement of the fair value of financial instruments with significant unobservable inputs;
- Note 14 Impairment of financial assets: determination of inputs into the ECL measurement model, including key assumption used in estimating recoverable cash flows and incorporation of forward-looking information;
- 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.

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Notes to the financial statements

For the year ended 31 December 2020

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards which comprise TFRS 9 *Financial Instruments* (“TFRS 9”) and relevant standards and interpretations and TFRS 16 *Leases* (“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	
		Other reserves	Retained earnings (in thousand Baht)	Other reserves	Retained earnings
At 31 December 2019 - as reported		36,208	1,966,361	36,208	1,977,610
Increase (decrease) due to:					
Adoption of TFRS - Financial instruments standards	A				
Classification of financial instruments		223	(18,945)	223	(18,945)
Related tax		(45)	(122,726)	(45)	(122,726)
At 1 January 2020 - restated		36,386	1,824,690	36,386	1,835,939

A. TFRS - Financial instruments standards

The Group has adopted TFRS 9 *Financial Instruments* (“TFRS 9”) and relevant financial instruments standards using the cumulative effect, taking into account the effect of initially applying this standard only to financial instruments that were not derecognised before 1 January 2020 as an adjustment to other reserves or retained earnings 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 initially recognises financial assets or financial liabilities (including regular - way purchases and sales of 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 subsequent measurement of financial assets and financial liabilities

Classification and subsequent measurement of financial assets

On initial recognition, financial assets are classified as subsequent measurement 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 considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- 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. periodic reset of the 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 classifies and measures 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, cancelled or expired.

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.

(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 after 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 include 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 financial assets original effective interest rate, and the gross carrying amount of the financial assets prior to any credit impairment.

Financial assets that are credit-impaired require a lifetime provision.

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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 that does 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, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for a longer of three months or three consecutive payments. Further nine months are required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full.

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For debt restructuring receivables, exposures under stage 2 that were not previously credit impaired can transfer to stage 1 when the customer performs under the revised terms of the contract for three months or three consecutive payments, whichever is longer.

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
	Allowance for doubtful accounts at 31 December 2019	Remeasurement <i>(in thousand Baht)</i>	1 January 2020
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	<u><u>2,726,966</u></u>	<u><u>-</u></u>	<u><u>2,726,966</u></u>

(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.

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.

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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 an item in 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.

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.

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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.

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.

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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 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)	Remeasurement	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	Available-for-sale	FVOCI	300,472	-	-	(1,057)	299,415
Domestic non-marketable equity securities	Available-for-sale	FVOCI	2,083	-	223	-	2,306
General investment	General investment	FVOCI					
Loans to customers and accrued interest receivables, net	Amortised cost	Amortised cost	48,487,851	-	-	(4,205)	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	(126,516)	-	147,171
Other assets, net	-	-	467,056	(18,945)	5,393	-	453,504
Total assets			56,494,071	(14,977)	(126,398)	(126,398)	56,322,696

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	Consolidated					
	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	47,193,495	-	-	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	-	118	125,857
Other liabilities	-	-	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)	(126,516)	1,723,847
Equity attributable to equity holder of the Bank			7,002,569		(126,516)	6,861,076
Total equity			7,002,569		(126,516)	6,861,076
Total liabilities and equity			56,494,071		(126,398)	56,352,696

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

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For the year ended 31 December 2020

	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	The Bank	At 1 January 2020
				Reclassification	
				(in thousand Baht)	
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	-	125,857
Other liabilities	-	-	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)	1,735,096
Equity attributable to equity holder of the Bank			7,013,818	(14,977)	6,872,325
Total equity			7,013,818	(14,977)	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 or 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. Right-of-use assets are presented as parts in premises and equipment in statements of financial position. 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. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

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.

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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.

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>	
<i>At 1 January 2020</i>		
Increase in premises and equipment	707,648	707,648
Decrease in other assets	(6,703)	(6,703)
Increase in lease liabilities	700,945	700,945
	Consolidated	The Bank
	<i>(in thousand Baht)</i>	
<i>Measurement of lease liability</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 (<i>% per annum</i>)	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 (2019: *available-for-sale equity investments*) are recognised in other comprehensive income.

(c) Cash

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

(d) Investments

Investments in subsidiary

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

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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 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 for non-financial assets

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

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group’s has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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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 inputs.

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.

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.

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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 year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group 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.

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(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.

5 Impact of COVID-19 outbreak

During the beginning of 2020, there was the COVID-19 outbreak. Many countries, including Thailand, have enacted several protective measures against the outbreak. This has significantly affected daily life, production, supply chain and economic conditions.

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand, the Bank of Thailand (“BoT”) 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 resulting from trade war, drought and COVID-19 which the Group believes that such customers still have ability to repay. Relief measures provided by the Group are as follows:

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

- Extend a maximum period limited to 24-month term and decrease installment.

Micro SME customers

- Automatically grant a repayment holiday for 6 months and consider extending the installment period up to 24 months on case-by-case basis;
- Strengthen customers’ liquidity by offering additional working capital for a credit limit of Baht 0.2 - 30 million with a maximum period limited to 8 years;
- Reduce the transfer fee charged by the Department of Land to 0.01% for the asset transfer agreement.

The Group provides relief measures: extending the term combined with decreasing installments, and automatically granting the repayment holiday by approximately 28.69% and 0.37% of the gross carrying amount of loans to customers as at 31 December 2020, respectively.

Regarding financial reporting, the Group’s key concerns are on the application of forward-looking information and pro-cyclicality affected from applying the TFRS 9 ECL provisioning concept. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year periods 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;

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- Revision of EIR at the date of modification;
- As a result of unprecedented circumstance, forward-looking information is weighted less than historical information in ECL provisioning.

Regarding the impacts on the Group's performance, the Group's ECL still reflects fair position through closely monitoring 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.

Besides, the Group applied TFAC's accounting guidance of temporary accounting relief measures for additional accounting options in response to impact from 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 concessional rental for 9 months started from March to December 2020. The Group gradually deducted monthly lease liabilities, reversed depreciation of ROU assets, and interest on lease liabilities in the same proportion to the reduced rental. Then recognised the differences to profit or loss for the year ended 31 December 2020, amounting to Baht 0.17 million in the consolidated and the Bank's financial statements.

Subsequent to 31 December 2020, the COVID-19 outbreak still continues as increasingly affected cases were found and spread all over Thailand. 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.

6 Risk management

The Group'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 Group'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 Group. 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.

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The Group defines its credit risk management policies under the supervision of the Risk Management Committee. The main objective is to efficiently manage the Group 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 Group applies credit risk management in credit examination and approval process, risk and repayment ability analysis, credit operation process after credit approval, credit review, credit monitoring and debt reschedule or restructure in order to prevent and resolve any problems might occur in the future.

The Group 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 31 December 2020 without taking into account collateral or other credit enhancement. The description of stage 1-3 are disclosed in note 3.

	Consolidated and the Bank 2020			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in thousand Baht)</i>			
<i>Interbank and money market items (asset)</i>				
Current	7,521,365	-	-	7,521,365
Gross carrying amount	7,521,365	-	-	7,521,365
Net carrying amount	7,521,365	-	-	7,521,365
<i>Loans to customers and accrued interest receivables</i>				
Current	62,272,279	-	-	62,272,279
Overdue 1 - 30 days	2,220,662	-	-	2,220,662
Overdue 31 - 60 days	-	3,428,435	-	3,428,435
Overdue 61 - 90 days	-	433,824	-	433,824
Overdue more than 91 days	-	-	2,011,862	2,011,862
Gross carrying amount	64,492,941	3,862,259	2,011,862	70,367,062
Less allowance for expected credit loss	(1,670,154)	(1,127,027)	(747,195)	(3,544,376)
Net carrying amount	62,822,787	2,735,232	1,264,667	66,822,686
<i>Investments in debt instruments measured at FVOCI</i>				
Investment grade	3,457,379	-	-	3,457,379
Credit impaired	-	-	40,470	40,470
Gross carrying amount	3,457,379	-	40,470	3,497,849
Allowance for expected credit loss	(35)	-	(40,470)	(40,505)
Carrying amount - Fair value	3,460,722	-	-	3,460,722

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	Consolidated and the Bank 2020			Total
	Stage 1	Stage 2	Stage 3	
	<i>(in thousand Baht)</i>			
<i>Undrawn loan commitments and financial guarantee contracts</i>				
Unconditional unused credit line	93,938	-	41,778	135,716
Allowance for expected credit loss	-	-	(19,178)	(19,178)

Collateral held and other credit enhancements

The reliability of the debtors is associated with an indicator of a debtor's profile, capital, and ability to repay. These are a significant aspect of credit quality consideration. In addition, the collateral is used as one type of credit risk mitigation to reduce potential credit losses in the event of default. To ensure that the collateral accepted by the Group is marketable and legally enforceable, the Group reviews collateral value following the collateral policy and the BoT's guidelines and regulations.

In addition, in the event that the collateral does not cover the credit limit or no collateral, the Group still has other credit enhancements such as participating in a credit guarantee program with the Thai Credit Guarantee Corporation ("TCG") which is a state-owned specialised financial institution governed by the Ministry of Finance. TCG acts as a guarantor for SME and micro finance in order to mitigate the risk of lending.

As at 31 December 2020, the Group holds collateral and other credit enhancements as follows:

Type of credit expense	Consolidated and the Bank 2020		Principal type of collateral held and other credit enhancements
	Credit exposure <i>(in thousand Baht)</i>	Collateral *	
Interbank and money market items			
- Reverse repurchase agreements	6,000,162	6,057,862	Government and state enterprise securities and private debt securities
- Deposits at BoT and domestic commercial banks	1,521,203	-	None
Investments in debt instruments			
- Government and state enterprise securities	3,457,379	-	None
- Private debt securities	40,470	-	None
Loans to SME and micro SME customers			
- Loans	45,763,515	64,301,230	Deposits, gold, land, building, residence, machine, and TCG
- Hire purchase	1,621,138	3,127,227	Machine, equipment, and vehicle
Loans to micro finance customers	11,459,477	-	TCG
Loans to retail customers			
- Housing loans	2,142,049	3,035,703	Residence
- Other loans to retail customers	9,380,883	16,051,752	Gold, residence, and vehicle

* Most recent appraisal value

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Concentrations of credit risk

The Group monitors concentrations of credit risk by sector and by nature of transactions. 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 31 December 2020</i>			
Gross carrying amount	7,521,365	3,497,849	70,367,062
<i>Concentration</i>			
<i>Government</i>	-	1,087,341	-
<i>Financial institutions</i>			
Bank of Thailand	1,401,267	2,370,038	-
Commercial banks	3,720,033	-	-
Specialised financial institutions	2,400,065	-	-
<i>SME</i>			
Agriculture and mineral	-	-	746,785
Manufacture and trading	-	-	36,402,991
Real estate and construction	-	-	8,555,017
Utilities and services	-	40,470	12,183,987
Others	-	-	340,994
<i>Retail</i>			
Housing loans	-	-	4,401,624
Other lendings	-	-	7,735,664

Information related to ECL

Significant increase in credit risk (SICR)

When determining whether the probability of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

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 or 3 months 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>31 December 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 providing the management overlay as a part of ECL.

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 Group in the current reporting year and future. Interest rate risk arises from the structure and the characteristics of the Group's assets and liabilities and the repricing mismatch of assets and liabilities.

The Group defines policies to adjust the structure of their financial positions to be conformed to the interest direction in the future and the defined risk framework. The Group monitors the interest direction movement and customer's behavior closely in order to assess the most realistic risk. The Group 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.

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

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

	Consolidated 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			
	<i>(in thousand Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	-	521,068	521,068
Interbank and money market items, net	308	6,000,000	-	-	-	-	1,521,057	7,521,365
Investments, net	-	1,846,180	1,334,236	280,306	-	-	2,558	3,463,280
Loans to customers	49,630,947	2,152,420	6,786,102	6,578,840	1,870,239	1,879,817	-	68,898,365
Other financial assets	-	-	-	-	-	-	347,172	347,172
Total financial assets	<u>46,631,255</u>	<u>9,998,600</u>	<u>8,120,338</u>	<u>6,859,146</u>	<u>1,870,239</u>	<u>1,879,817</u>	<u>2,391,855</u>	<u>80,751,250</u>
<i>Financial liabilities</i>								
Deposits	18,313,339	10,643,693	28,474,059	7,078,971	-	-	-	64,510,062
Interbank and money market items	545,198	85,363	52,535	4,992,518	-	-	-	5,675,614
Liabilities payable on demand	-	-	-	-	-	-	63,288	63,288
Other financial liabilities	-	-	-	-	-	-	1,079,330	1,079,330
Total financial liabilities	<u>18,858,537</u>	<u>10,729,056</u>	<u>28,526,594</u>	<u>12,071,489</u>	<u>-</u>	<u>-</u>	<u>1,142,618</u>	<u>71,328,294</u>

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	Consolidated 2019							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	-	-	-	-	-	-	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	-	1,047,297	45,879	41,945	-	-	-	1,135,121
Liabilities payable on demand	-	-	-	-	-	-	58,716	58,716
Other financial liabilities	-	-	-	-	-	-	953,126	953,126
Total financial liabilities	-	31,753,855	13,726,457	2,764,393	-	-	1,095,753	49,340,458
	The Bank 2020							
	Repricing periods					Non- performing assets	Non- interest bearing	Total
	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	-	-	-	-	-	-	521,068	521,068
Interbank and money market items, net	308	6,000,000	-	-	-	-	1,521,057	7,521,365
Investments, net	-	1,846,180	1,334,236	280,306	-	-	2,558	3,463,280
Investments in subsidiary, net	-	-	-	-	-	-	150,000	150,000
Loans to customers	49,630,947	2,152,420	6,786,102	6,578,840	1,870,239	1,879,817	-	68,898,365
Other financial assets	-	-	-	-	-	-	352,317	352,317
Total financial assets	46,631,255	9,998,600	8,120,338	6,859,146	1,870,239	1,879,817	2,547,000	80,906,395
Financial liabilities								
Deposits	18,313,339	10,760,099	28,474,059	7,078,971	-	-	-	64,626,468
Interbank and money market items	545,198	85,363	52,535	4,992,518	-	-	-	5,675,614
Liabilities payable on demand	-	-	-	-	-	-	63,288	63,288
Other financial liabilities	-	-	-	-	-	-	1,068,366	1,068,366
Total financial liabilities	18,858,537	10,845,462	28,526,594	12,071,489	-	-	1,131,654	71,433,736

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	The Bank 2019							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			
	<i>(in thousand Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	473,622	473,622
Interbank and money market items, net	-	4,021,454	-	-	-	-	394,153	4,415,607
Investments, net	-	850,512	775,509	65,499	-	-	2,083	1,693,603
Investments in subsidiary, net	-	-	-	-	-	-	150,000	150,000
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	1,319,054	57,948,170
Financial liabilities								
Deposits	-	30,706,568	13,680,578	2,722,448	-	-	215,152	47,324,746
Interbank and money market items	-	1,047,297	45,879	41,945	-	-	-	1,135,121
Liabilities payable on demand	-	-	-	-	-	-	58,716	58,716
Other financial liabilities	-	-	-	-	-	-	951,509	951,509
Total financial liabilities	-	31,753,865	13,726,457	2,764,393	-	-	1,225,377	49,470,092

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 average interest rates for the year ended 31 December 2020 and 2019 were as follows:

	Consolidated					
	2020			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>
Earning financial assets						
Interbank and money market items	4,926,302	35,983	0.73	4,075,255	77,625	1.90
Investments	3,253,801	22,824	0.70	1,550,213	25,403	1.64
Loans to customers	60,840,705	7,421,731	12.20	47,283,491	5,764,596	12.19
Total	69,020,808	7,480,538		52,908,959	5,867,624	
Interest-bearing financial liabilities						
Deposits	56,980,790	1,102,543	1.93	44,488,691	1,020,075	2.29
Interbank and money market items	3,680,386	7,131	0.19	781,310	3,330	0.43
Total	60,661,176	1,109,674		45,270,001	1,023,405	

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	The Bank					
	2020		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	4,926,302	35,983	0.73	4,075,255	77,625	1.90
Investments	3,253,801	22,824	0.70	1,550,213	25,403	1.64
Loans to customers	<u>60,840,705</u>	<u>7,421,731</u>	12.20	<u>47,283,491</u>	<u>5,764,596</u>	12.19
Total	<u>69,020,808</u>	<u>7,480,538</u>		<u>52,908,959</u>	<u>5,867,624</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	57,105,975	1,102,759	1.93	44,604,195	1,020,360	2.29
Interbank and money market items	<u>3,680,386</u>	<u>7,131</u>	0.19	<u>781,310</u>	<u>3,330</u>	0.43
Total	<u>60,786,361</u>	<u>1,109,890</u>		<u>45,385,505</u>	<u>1,023,690</u>	

Sensitivity analysis on cash flow of floating interest rate instruments

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss and equity (net of tax) by the amounts shown below. Other factors are supposed to be constant in this analysis.

	Consolidated			
	Profit or loss		Equity (net of tax)	
	100 bps Increase	100 bps Decrease	100 bps Increase	100 bps Decrease
	<i>(in thousand Baht)</i>			
31 December 2020				
Fixed interest instruments	<u>216,123</u>	<u>(216,123)</u>	<u>172,898</u>	<u>(172,898)</u>
Sensitivity of cash flow (net)	<u>216,123</u>	<u>(216,123)</u>	<u>172,898</u>	<u>(172,898)</u>

	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>			
31 December 2020				
Fixed interest instruments	<u>215,008</u>	<u>(215,008)</u>	<u>172,006</u>	<u>(172,006)</u>
Sensitivity of cash flow (net)	<u>215,008</u>	<u>(215,008)</u>	<u>172,006</u>	<u>(172,006)</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 affect 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.

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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.

6.5 Liquidity risk

Liquidity risk is the risk that the Group 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 Group.

The Group 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 Group will disclose Liquidity Coverage Ratio (LCR) information for the Bank as at 31 December 2020 through the Bank's website at www.tcrbank.com within April 2021.

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As at 31 December 2020 and 2019, financial assets and liabilities of the Group classified by maturities were as follows:

	Consolidated 2020					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
<i>(in thousand Baht)</i>						
Financial assets						
Cash	-	-	-	-	521,068	521,068
Interbank and money market items, net	1,521,203	6,000,162	-	-	-	7,521,365
Investments, net	-	3,180,416	280,309	-	2,558	3,463,280
Loans to customers	247,635	15,135,613	30,229,625	21,405,675	1,879,817	68,898,365
Other financial assets	-	280,152	-	55,736	11,284	347,172
Total financial assets	1,768,838	24,596,343	30,509,931	21,461,411	2,414,727	80,751,250
Financial liabilities						
Deposits	18,313,339	39,117,752	7,078,971	-	-	64,510,062
Interbank and money market items	545,198	137,898	4,992,518	-	-	5,675,614
Liabilities payable on demand	63,288	-	-	-	-	63,288
Other financial liabilities	7,956	1,063,104	7,825	-	445	1,079,330
Total financial liabilities	18,929,781	40,318,754	12,079,314	-	445	71,328,294
Net liquidity gap	(17,160,943)	(15,722,411)	18,430,617	21,461,411	2,414,282	9,422,956
Financial guarantee contracts	-	-	-	-	41,778	41,778

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	Consolidated 2019					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
<i>Financial assets</i>						
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	-	235,556	-	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
<i>Financial liabilities</i>						
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 2020					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
	<i>(in thousand Baht)</i>					
Financial assets						
Cash	-	-	-	-	521,068	521,068
Interbank and money market items, net	1,521,203	6,000,162	-	-	-	7,521,365
Investments, net	-	3,180,416	280,306	-	2,558	3,463,280
Investments in subsidiary, net	-	-	-	-	150,000	150,000
Loans to customers	247,635	15,135,613	30,229,625	21,405,675	1,879,817	68,898,365
Other financial assets	-	285,297	-	55,736	11,284	352,317
Total financial assets	1,768,838	24,601,488	30,509,931	21,461,411	2,564,727	80,906,395
Financial liabilities						
Deposits	18,313,339	39,234,158	7,078,971	-	-	64,626,468
Interbank and money market items	545,198	137,898	4,992,518	-	-	5,675,614
Liabilities payable on demand	63,288	-	-	-	-	63,288
Other financial liabilities	-	1,060,096	7,825	-	445	1,068,366
Total financial liabilities	18,921,825	40,432,152	12,079,314	-	445	71,433,736
Net liquidity gap	(17,152,987)	(15,830,664)	18,430,617	21,461,411	2,564,282	9,472,659
Financial guarantee contracts	-	-	-	-	41,778	41,778

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	The Bank 2019					Total
	At call	Less than 1 year	Over 1 year to 5 years	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	Carrying amount		Fair value			
		FVOCI	Amortised Cost	Level 1 (in thousand Baht)	Level 2	Level 3	Total
31 December 2020							
Financial assets							
Investments	11	3,460,722	-	-	3,460,722	-	3,460,722
- Debt instruments		2,558	-	-	-	2,558	2,558
- Equity instruments		-	-	-	-	-	-
Loans to customers and accrued interest receivables, net	13.1	-	66,822,686	-	-	61,904,967	61,904,967
Financial liabilities							
Deposits	20.1	-	64,510,062	-	58,926,836	-	58,926,836
Interbank and money market items	21	-	5,675,614	-	5,672,032	-	5,672,032
The Bank							
	Note	Carrying amount		Fair value			
		FVOCI	Amortised Cost	Level 1 (in thousand Baht)	Level 2	Level 3	Total
31 December 2020							
Financial assets							
Investments	11	3,460,722	-	-	3,460,722	-	3,460,722
- Debt instruments		2,558	-	-	-	2,558	2,558
- Equity instruments		-	-	-	-	-	-
Loans to customers and accrued interest receivables, net	13.1	-	66,822,686	-	-	61,904,967	61,904,967
Financial liabilities							
Deposits	20.1	-	64,626,468	-	59,043,242	-	59,043,242
Interbank and money market items	21	-	5,675,614	-	5,672,032	-	5,672,032

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	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	Discounted cash flow	Expected future cash flow
Investments in equity instruments	Net asset value	Net asset value

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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.

<i>For the year ended 31 December</i>	Consolidated and the Bank	
	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	40,470	-
Loss recognised to profit or loss	(40,470)	-
Profit recognised to other comprehensive income	-	252
As at 31 December	-	2,558

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2020 and 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

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 at the reporting date.

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

Investments in equity instruments

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

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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 (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).

For credit-impaired (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.

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Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. As at 31 December 2020 and 2019, the Bank's total capital funds could be categorised as follows:

	The Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Tier 1 Capital		
Paid-up share capital	5,000,000	5,000,000
Warrants	34,906	34,906
Legal reserve	170,821	100,843
Net profits after appropriation	2,436,827	1,401,956
Other reserves	3,154	1,302
Capital deduction items on CET1	<u>(409,796)</u>	<u>(423,508)</u>
Total Tier 1 Capital	<u>7,235,912</u>	<u>6,115,499</u>
Tier 2 Capital		
General provision	<u>621,946</u>	<u>478,205</u>
Total Tier 2 Capital	<u>621,946</u>	<u>478,205</u>
Total Capital funds	<u>7,857,858</u>	<u>6,593,704</u>
Total Risk-Weighted Assets	<u>59,469,263</u>	<u>45,979,586</u>
	The BoT's regulation minimum requirement	2020 2019
		(%)
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.00	13.21 14.34
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.50	12.17 13.30
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.00	12.17 13.30

As at 31 December 2020 and 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 31 December 2019 through the Bank's website at www.tcrbank.com within April 2021.

Capital management

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

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9 Classification of financial assets and financial liabilities

	Consolidated			Total
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	
2020				
<i>(in thousand Baht)</i>				
Financial assets				
Cash	-	-	521,068	521,068
Interbank and money market items, net	-	-	7,521,365	7,521,365
Investments, net				
Government and state enterprise securities	3,460,722	-	-	3,460,722
Domestic non-marketable equity securities	-	2,558	-	2,558
Loans to customers and accrued interest receivables, net	-	-	66,822,686	66,822,686
Other financial assets	-	-	347,172	347,172
Total	3,460,722	2,558	75,212,291	78,675,571
Financial liabilities				
Deposits	-	-	64,510,062	64,510,062
Interbank and money market items	-	-	5,675,614	5,675,614
Liabilities payable on demand	-	-	63,288	63,288
Other financial liabilities	-	-	1,079,330	1,079,330
Total	-	-	71,328,294	71,328,294
The Bank				
2020				
<i>(in thousand Baht)</i>				
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
Financial assets				
Cash	-	-	521,068	521,068
Interbank and money market items, net	-	-	7,521,365	7,521,365
Investments, net				
Government and state enterprise securities	3,460,722	-	-	3,460,722
Domestic non-marketable equity securities	-	2,558	-	2,558
Loans to customers and accrued interest receivables, net	-	-	66,822,686	66,822,686
Other financial assets	-	-	352,317	352,317
Total	3,460,722	2,558	75,217,436	78,680,716
Financial liabilities				
Deposits	-	-	64,626,468	64,626,468
Interbank and money market items	-	-	5,675,614	5,675,614
Liabilities payable on demand	-	-	63,288	63,288
Other financial liabilities	-	-	1,068,366	1,068,366
Total	-	-	71,433,736	71,433,736

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10 Interbank and money market items, net (assets)

	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Domestic</i>		
Bank of Thailand	1,401,267	990,393
Commercial banks	3,719,936	2,623,844
Specialised financial institutions	2,400,000	800,000
Total	7,521,203	4,414,237
<i>Add</i> accrued interest receivables and undue interest receivables	162	1,370
Total domestic	7,521,365	4,415,607

11 Investments, net

11.1 Classified by type of investments

	Consolidated and the Bank 2020 <i>(in thousand Baht)</i>
<i>Investments in debt instruments measured at FVOCI</i>	
Government and state enterprise securities	3,460,722
Total	3,460,722
Allowance for expected credit loss	(40,505)
<i>Investments in equity instruments designated at FVOCI</i>	
Domestic non-marketable equity securities	2,558
Total	2,558
Total investments, net	3,463,280
	Consolidated and the Bank 2019 <i>(in thousand Baht)</i>
<i>Available-for-investments - Fair value</i>	
Government and state enterprise securities	1,391,048
Private 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

As at 31 December 2020, the Group had investments in debt securities in a company that are subject to uncertainty in settlement or in default, their gross carrying amount were Baht 40.47 million which the allowance for expected credit losses are fully provided.

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As at 31 December 2020 and 2019, the Group had some investments in securities pledged as collateral as disclosed in note 28.

As at 31 December 2020 and 2019, the Group did not have investment in any entity in which the Group held 10% or more of the paid up share capital of the investee company.

11.2 Revaluation surplus on available-for-sale investments

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

	Consolidated and The Bank 2019 (in thousand Baht)
<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 2019		
	Remaining periods		
	Within 1 year	Over 1 year to 5 years	Total
	<i>(in thousand Baht)</i>		
<i>Available-for-sale investments</i>			
Government and state enterprises securities	1,334,873	55,078	1,389,951
Private debt securities	290,032	10,000	300,032
Total	1,624,905	65,078	1,689,983
Add 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 years ended 31 December	
			Percentage of ownership interest 2020	2019 (%)	2020	2019 <i>(in thousand Baht)</i>	2020	2019
Subsidiary								
Thai Micro Digital Solutions Co., Ltd.	Electronic payment and electronic money service	Ordinary	100.00	100.00	150,000	150,000	-	-
Total					150,000	150,000	-	-

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13 Loans to customers and accrued interest receivables, net

13.1 Classified by loan type

	Consolidated and the Bank 2020
	<i>(in thousand Baht)</i>
Overdrafts	247,994
Loans	66,573,528
Notes	450,804
Hire-purchase receivables	1,626,039
Total loans to customers	68,898,365
<i>Add</i> accrued interest receivables and undue interest receivables	1,468,697
Total loans to customers and accrued interest receivables and undue interest receivables	70,367,062
<i>Less</i> allowance for expected credit loss	(3,544,376)
Loans to customers and accrued interest receivables, net	66,822,686

	Consolidated and the Bank 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
<i>Add</i> accrued interest receivables	283,999
Total loans to customers net of deferred revenue and accrued interest receivables	51,200,141
<i>Less</i> allowance for doubtful accounts	
- Minimum provision according to the BoT's requirement	(1,429,983)
- Excess provision	(1,040,981)
<i>Less</i> 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	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Thai Baht</i>		
Domestic	68,898,365	50,916,142
Total*	68,898,365	50,916,142

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

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13.3 Classified by loan classification

	Consolidated and the Bank 2020
	<i>(in thousand Baht)</i>
Loans to customers and accrued interest receivables and undue interest receivables	
Financial assets that are not significant increase in credit risk (Performing)	64,492,941
Financial assets that are significant increase in credit risk (Under-performing)	3,862,259
Financial assets that are credit impaired (Non-performing)	2,011,862
Total	<u>70,367,062</u>

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

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

13.4 Non-performing loans

As at 31 December 2020 and 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	
	2020	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 <i>(in thousand Baht)</i>	1,132,622	1,242,731
Total loans after allowance for expected credit loss or allowance for doubtful accounts on NPLs <i>(in thousand Baht)</i>	68,151,170	49,668,605
Percentage of net NPLs (%)	1.66	2.50
NPLs (principal)		
NPLs <i>(in thousand Baht)</i>	1,879,817	2,490,268
Total loans <i>(in thousand Baht)</i>	68,898,365	50,916,142
Percentage of NPLs (%)	2.73	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 year ended 31 December 2020, the Bank sold parts of its loans to customers to third parties as a total price of Baht 48.84 million (2019: Baht 503.79 million). The Bank had already received partial payments as amount of Baht 27.38 million (2019: Baht 503.79 million).

13.5 Modified loans to customers and debt restructuring

	Consolidated and the Bank 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	100,913

During the year ended 31 December 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 or 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 2019	
	Number of loans (items)	Outstanding balance after restructuring (in thousand Baht)
Restructured debts	3,252	7,210,713

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

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

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

For the year ended 31 December 2019, the Group recognised losses from troubled debt restructuring amounting to Baht 8.91 million in the consolidated profit or loss and the profit or loss. The Group also recognised interest income from the restructured loans amounting to Baht 432.88 million in the consolidated profit or loss and the 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 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 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	Total
	<i>(in thousand Baht)</i>						
Hire-purchase receivables	532,142	410,511	278,899	198,890	106,729	98,868	1,626,039
Less unearned interest income	-	-	-	-	-	-	-
Present value of minimum lease payments receivables	<u>532,142</u>	<u>410,511</u>	<u>278,899</u>	<u>198,890</u>	<u>106,729</u>	<u>98,868</u>	1,626,039
Less allowance for expected credit loss							(40,275)
Hire-purchase receivables, net							<u>1,585,764</u>

	Consolidated and the Bank 2019				
	Portion due within 1 year	Portion due over 1 year but within 5 years	Portion due over 5 years		Total
	<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 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 31 December 2020 was as follows:

	Consolidated and the Bank			Total
	2020			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit-impaired	
Investments in debt instruments	35	-	40,470	40,505
Loans to customers and accrued interest receivables	1,670,154	1,127,027	747,195	3,544,376
Other financial assets	44	461	4,078	4,583
Loan commitments and financial guarantee contracts	-	-	19,178	19,178
Total	<u>1,670,233</u>	<u>1,127,488</u>	<u>810,921</u>	<u>3,608,642</u>

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

<i>For the year ended 31 December</i>	Consolidated and the Bank			Total
	2020			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit-impaired	
<i>Investments in debt instruments</i>				
At 1 January - restated <i>(see note 3)</i>	1,070	-	-	1,070
Change from stage reclassification	(16)	-	16	-
Change from remeasurement of ECL	(1,019)	-	40,454	39,435
At 31 December	<u>35</u>	<u>-</u>	<u>40,470</u>	<u>40,505</u>
<i>Loans to customers and accrued interest receivables</i>				
At 1 January - restated <i>(see note 3)</i>	1,271,428	505,292	939,775	2,716,495
Change from stage reclassification	30,075	(120,416)	90,341	-
Change from remeasurement of ECL	(489,614)	491,190	469,515	471,091
Purchased or acquired	858,265	250,961	88,540	1,197,766
Write-off	-	-	(840,976)	(840,976)
At 31 December	<u>1,670,154</u>	<u>1,127,027</u>	<u>747,195</u>	<u>3,544,376</u>

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<i>For the year ended 31 December</i>	Consolidated and the Bank 2020			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit impaired	Total
<i>Other financial assets</i>				
At 1 January - restated (<i>see note 3</i>)	64	808	8,411	9,283
Change from stage reclassification	98	30	(128)	-
Change from remeasurement of ECL	(145)	(783)	1,396	468
Purchased or acquired	27	406	211	644
Write-off	-	-	(5,812)	(5,812)
At 31 December	44	461	4,078	4,583
<i>Undrawn loan commitments and financial guarantee contracts</i>				
At 1 January - restated (<i>see note 3</i>)	118	-	-	118
Purchased or acquired	-	-	19,178	19,178
Write-off	(118)	-	-	(118)
At 31 December	-	-	19,178	19,178

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

	Consolidated and the Bank 2019						
	<u>Minimum provision according to the BoT's requirement</u>						
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total
	<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

15 Properties for sale, net

During the years 2020 and 2019, changes to the properties for sale, net were as follows:

	Consolidated and the Bank			
	At 1 January 2020	Additions <i>(in thousand Baht)</i>	Disposals	At 31 December 2020
Assets from settlement of debts				
- Immovable assets	151,405	13,040	(6,459)	157,986
- Movable asset	7,112	30,137	(37,249)	-
Total	158,517	43,177	(43,708)	157,986
<i>Less allowance for impairment losses</i>	<i>(180)</i>	<i>(1,310)</i>	<i>-</i>	<i>(1,490)</i>
Net	158,337	41,867	(43,708)	156,496

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	At 1 January 2019	Consolidated and the Bank		At 31 December 2019
		Additions	Disposals	
		<i>(in thousand Baht)</i>		
Assets from settlement of debts				
- Immovable assets	66,536	96,165	(11,296)	151,405
- Movable assets	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 31 December 2020 and 2019, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	128,575	121,993
- Appraised by internal appraisers	29,411	29,412
Total	157,986	151,405

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16 Premises and equipment, net

During the year 2020 and 2019, changes in premises and equipment were as follows:

	Premises	Leasehold improvement	Furniture and equipment	Consolidated Computers and accessories	Right-of-use assets	Others	Total
	<i>(in thousand Baht)</i>						
<i>Cost</i>							
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	-	10,109	14,478	24,826	395,716	13,036	458,165
Transfers in (out)	-	12,940	64	4,610	-	(13,004)	4,610
Disposals	-	(536)	(5,522)	(1,092)	-	-	(7,150)
Write-off	-	(8,340)	(3,044)	(2,122)	(166,914)	-	(180,420)
At 31 December 2020	66,090	314,045	220,757	221,367	936,450	326	1,759,035
<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)	(25,220)	(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 year	(2,648)	(68,943)	(23,304)	(22,106)	(144,205)	-	(261,206)
Disposals	-	537	5,279	1,070	-	-	6,886
Write-off	-	8,141	3,042	2,121	18,520	-	31,824
At 31 December 2020	(9,788)	(177,015)	(163,173)	(156,893)	(125,685)	(1)	(632,555)
<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	66,591	57,167	-	293	366,123
At 1 January 2020	58,950	183,122	66,591	57,167	707,648	293	1,073,771
At 31 December 2020	56,302	137,030	57,584	64,474	810,765	325	1,126,480

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	The Bank						
	Premises	Leasehold improvement	Furniture and equipment	Computers and accessories	Right-of-use assets	Others	Total
	<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	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	-	10,109	14,453	24,699	395,716	13,036	458,013
Transfers in (out)	-	12,940	64	4,610	-	(13,004)	4,610
Disposals	-	(536)	(5,522)	(1,092)	-	-	(7,150)
Write-off	-	(8,340)	(3,044)	(2,122)	(166,914)	-	(180,420)
At 31 December 2020	66,090	314,045	220,675	220,992	936,450	326	1,758,578
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)	(25,217)	(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	(2,648)	(68,943)	(23,287)	(22,046)	(144,205)	-	(261,129)
Disposals	-	537	5,279	1,070	-	-	6,886
Write-off	-	8,141	3,042	2,121	18,520	-	31,824
At 31 December 2020	(9,788)	(177,015)	(163,153)	(156,813)	(125,685)	(1)	(632,455)
Net book value							
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 31 December 2020	56,302	137,030	57,522	64,179	810,765	325	1,126,123

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17 Intangible assets, net

During the years 2020 and 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	15,228	-	13,683	28,911
Write-off	(17)	-	-	(17)
Transfers in (out)	40,182	-	(44,792)	(4,610)
At 31 December 2020	266,661	32,621	17,129	316,411
<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 year	(24,195)	-	-	(24,195)
Write-off	17	-	-	17
At 31 December 2020	(154,375)	-	-	(154,375)
<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 31 December 2020	112,286	32,621	17,129	162,036

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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	15,218	-	9,418	24,636
Write-off	(17)	-	-	(17)
Transfers in (out)	29,786	-	(34,396)	(4,610)
At 31 December 2020	256,094	32,621	15,050	303,765
<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 year	(23,456)	-	-	(23,456)
Write-off	17	-	-	17
At 31 December 2020	(153,629)	-	-	(153,629)
<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 31 December 2020	102,465	32,621	15,050	150,136

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18 Deferred tax assets

Movements in deferred tax assets and liabilities during the years ended 31 December 2020 and 2019 were as follows:

	At 1 January 2020 (note 3)	Consolidated (Charged) / Credited to:		At 31 December 2020
		Profit or loss (note 39) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	(370)	8,101	(418)	7,313
Loans to customers and accrued interest receivables	116,921	98,664	-	215,585
Properties for sale	36	262	-	298
Provisions	23,602	6,326	(1,148)	28,780
Lease liabilities	-	788	-	788
Reserve for share-based payment	6,982	-	-	6,982
Total	147,171	114,141	(1,566)	259,746
	At 1 January 2019	Consolidated (Charged) / Credited to:		At 31 December 2019
		Profit or loss (note 39) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Loans to customers and accrued interest receivables	165,035	74,613	-	239,648
Properties for sale	36	-	-	36
Provisions	16,151	7,511	(60)	23,602
Reserve for share-based payment	4,108	2,874	-	6,982
Total	185,330	84,998	(60)	270,268
<i>Deferred tax liabilities</i>				
Others	(54)	1	(273)	(326)
Total	(54)	1	(273)	(326)
Net	185,276	84,999	(333)	269,942

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	At 1 January 2020 (note 3)	The Bank (Charged) / Credited to:		At 31 December 2020
		Profit or loss (note 39) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	(370)	8,101	(418)	7,313
Loans to customers and accrued interest receivables	116,921	98,664	-	215,585
Properties for sale	36	262	-	298
Provisions	23,602	6,238	(1,148)	28,692
Lease liabilities	-	788	-	788
Reserve for share-based payment	6,982	-	-	6,982
Total	147,171	114,053	(1,566)	259,658

	At 1 January 2019	The Bank (Charged) / Credited to:		At 31 December 2019
		Profit or loss (note 39) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Loans to customers and accrued interest receivables	165,035	74,613	-	239,648
Properties for sale	36	-	-	36
Provisions	16,151	7,511	(60)	23,602
Reserve for share-based payment	4,108	2,874	-	6,982
Total	185,330	84,998	(60)	270,268
<i>Deferred tax liabilities</i>				
Others	(54)	1	(273)	(326)
Total	(54)	1	(273)	(326)
Net	185,276	84,999	(333)	269,942

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19 Other assets, net

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Deferred leasehold rights	-	6,703	-	6,703
Accrued fee income	94,825	109,547	95,840	109,547
Accrued interest income	3,659	2,989	3,659	2,989
Prepaid expenses	197,462	172,977	197,454	172,958
Supplies	6,054	5,184	6,054	5,184
Deposits and guarantee	55,736	52,826	55,736	52,826
Receivables - the Revenue Department	1,696	-	-	-
Receivables - counter service	68,941	56,687	68,941	56,687
Other receivables, net	46,046	11,516	46,555	11,516
Advance to customers	41,122	42,474	41,122	42,474
Others	29,402	6,153	34,727	5,495
Total	544,943	467,056	550,088	466,379

20 Deposits

20.1 Classified by type of deposits

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current	73,725	83,911	180,495	215,152
Savings	17,432,069	18,619,920	17,441,705	18,619,930
Term	47,004,268	28,489,664	47,004,268	28,489,664
Total	64,510,062	47,193,495	64,626,468	47,324,746

20.2 Classified by currency and residency of depositors

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
	Domestic		Domestic	
Thai Baht	64,510,062	47,193,495	64,626,468	47,324,746
Total	64,510,062	47,193,495	64,626,468	47,324,746

21 Interbank and money market items (liabilities)

	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
<i>Domestic</i>		
Commercial banks	1,329,058	-
Specialised financial institutions	3,729,788	206,188
Other financial institutions	616,768	928,933
Total domestic	5,675,614	1,135,121

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<i>Present value of the defined benefit obligations</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 January	112,687	77,199	112,687	77,199
Include in profit or loss				
Current service cost	38,248	36,351	37,810	36,351
Past service cost	-	4,580	-	4,580
Interest on obligation	1,636	1,799	1,633	1,799
	<u>39,884</u>	<u>42,730</u>	<u>39,443</u>	<u>42,730</u>
Included in other comprehensive income				
Actuarial gains	<u>(5,739)</u>	<u>(299)</u>	<u>(5,739)</u>	<u>(299)</u>
	<u>(5,739)</u>	<u>(299)</u>	<u>(5,739)</u>	<u>(299)</u>
Other				
Benefit paid	<u>(10,370)</u>	<u>(6,943)</u>	<u>(10,370)</u>	<u>(6,943)</u>
	<u>(10,370)</u>	<u>(6,943)</u>	<u>(10,370)</u>	<u>(6,943)</u>
At 31 December	<u>136,462</u>	<u>112,687</u>	<u>136,021</u>	<u>112,687</u>

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

	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Demographic assumptions	(8,466)	9,788
Financial assumptions	3,057	6,783
Experience adjustment	(330)	(16,870)
Total	<u>(5,739)</u>	<u>(299)</u>

Actuarial assumptions

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

	Consolidated and the Bank	
	2020	2019
	<i>(% per annum)</i>	
Discount rate	1.16	1.45
Future salary growth	5.00	5.00

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

At 31 December 2020, the weighted-average duration of the defined benefit obligation was 7.76 years (2019: 7.91 years).

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Consolidated		The Bank	
	Increase	Decrease (in thousand Baht)	Increase	Decrease
At 31 December 2020				
Discount rate (1% movement)	(9,758)	11,004	(9,680)	10,908
Future salary growth (1% movement)	9,821	(8,908)	9,729	(8,832)
At 31 December 2019				
Discount rate (1% movement)	(8,195)	9,254	(8,195)	9,254
Future salary growth (1% movement)	8,326	(7,541)	8,326	(7,541)

23 Other liabilities

	Note	Consolidated		The Bank	
		2020	2019 (in thousand Baht)	2020	2019
Lease liabilities	32	814,231	-	814,231	-
Value added tax payable		3,953	6,455	3,882	6,455
Other payables - purchase of assets		7,646	1,277	3,663	1,277
Accrued interest expenses		201,113	169,483	201,113	169,483
Other payables		39,976	41,413	35,520	41,054
Accrued expenses		572,417	499,836	569,964	498,579
Withholding tax payable		22,471	18,851	22,299	18,644
Accrued specific business tax		20,454	17,142	20,454	17,142
Accrued corporate income tax		210,734	194,492	210,734	194,492
Others		26,918	29,482	26,918	29,482
Total		1,919,913	978,431	1,908,778	976,608

24 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, regarding: "Regulations on service business relating to electronic money ("e-money")" and Sor Nor Chor 2/2562 dated 20 December 2019, regarding: "Regulations on service business relating to electronic fund transfer ("EFT")" require the Group to disclose advance received from e-money and EFT. As at 31 December 2020, the Group had advance received from e-money as total amount of Baht 8.0 million and there was no outstanding from EFT.

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25 Offsetting of financial assets and financial liabilities

	Consolidated and the Bank 2020						Net amount
	Gross carrying amount	Amount to be offset in statement of financial position	Net amount presented in statement of financial position <i>(in thousand Baht)</i>	Amount of unoffsetting in statement of financial position		Relevant financial collateral amount	
				Offsetting amount which is not met the accounting standard's conditions	-		
<i>Financial assets</i>							
Reverse repurchase agreements	6,000,000	-	6,000,000	-	6,057,862	-	
Total	6,000,000	-	6,000,000	-	6,057,862	-	

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

	Consolidated and the Bank 2020				
	Net amount presented in statement of financial position <i>(in thousand Baht)</i>	Caption in statement of financial position	Notes	Carrying amount of financial position not under the offsetting conditions	
				Carrying amount presented in statement of financial position	-
<i>Financial assets</i>					
Reverse repurchase agreements	6,000,000	Interbank and money market (assets)	10	7,521,365	1,521,365
Total	6,000,000			7,521,365	1,521,365

26 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.

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

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

	Weighted average exercise price (Baht / warrant)	Number of warrants (million warrants)
At 1 January 2019	10	15.625
At 31 December 2019 and 1 January 2020	10	15.625
At 31 December 2020	10	15.625

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

	Exercise price (Baht / warrant)	2020 (million warrants)	2019 (million warrants)
Expired date:			
31 March 2022	10	15.625	15.625

As at 31 December 2020, the remaining contractual life of the total 15.625 million warrants (2019: 15.625 million warrants) was 1.25 years (2019: 2.25 years).

For the years ended 31 December 2020, the Group had no stock option expense.

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

27 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.

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Other components of equity

Fair value changes in investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI

The fair value changes in investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI within shareholders' equity comprises the cumulative net change in the fair value of investments in debt instruments measured at FVOCI and equity instruments designated at FVOCI and the allowance for ECL for debt instruments measured at FVOCI until the investments are derecognised or reclassified.

28 Assets pledged as collateral and under restriction

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

	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Investments in securities		
- Pledged as collateral for liquidity management ⁽¹⁾	2,052,530 ⁽²⁾	425,570
- Pledged as other collaterals	51	50
Total	<u>2,052,581</u>	<u>425,620</u>

⁽¹⁾ The Bank of Thailand requires the Group to maintain the Securities Requirement for Settlement (SRS) and maintain the Intraday Liquidity Facility.

⁽²⁾ As at 31 December 2020, the Group's minimum requirement to maintain the Securities Requirement for Settlement (SRS) and maintain the Intraday Liquidity Facility is at least Baht 588.3 million.

29 Contingent liabilities

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other contingencies				
- Amount of unused bank overdrafts	216,797	168,756	216,797	168,756
- Other guarantees	151,758	174,919	151,758	174,919
- Others				
Capital commitments	17,013	10,371	13,116	10,371
Other agreements	253,270	230,143	234,261	206,802
Total	<u>638,838</u>	<u>584,189</u>	<u>615,932</u>	<u>560,848</u>

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30 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)
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
Pathum Thani Jutemill 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
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
CNT Liquor Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Thachaisri Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Piam Anan Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
C.Laing Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Sakhorn Liquor Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders
Baan Thai Real Estate Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders

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

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

Significant related parties transactions for the years ended 31 December 2020 and 2019 with related parties were as follows:

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Interest expenses				
Parent company	10	17	10	17
Subsidiary	-	-	215	286
Major shareholders	1,344	1,129	1,344	1,129
Other related parties	3,099	2,110	3,099	2,110
Key management personnel of the Bank	371	1,240	371	1,240
Fees and service income				
Subsidiary	-	-	2,866	6,000
Major shareholders	255,428	256,987	255,428	256,987
Other related parties	219,243	159,895	219,243	159,895
Other operating income				
Parent company	166	160	166	160
Subsidiary	-	-	6,499	480
Other operating expenses				
Subsidiary	-	-	1,092	-
Major shareholders	7,558	7,845	7,558	7,845
Other related parties	31,313	30,741	31,313	30,741

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

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other assets				
Subsidiary	-	-	11,351	-
Major shareholders	11,969	39,710	11,969	39,710
Other related parties	23,066	21,285	23,066	21,285
Deposits				
Parent company	4,497	2,808	4,497	2,808
Subsidiary	-	-	116,406	131,251
Major shareholders	315,619	612,772	315,619	612,772
Other related parties	296,724	150,257	296,724	150,257
Key management personnel of the Bank	96,005	88,881	96,005	88,881
Other liabilities				
Subsidiary	-	-	9,902	-
Major shareholders	18	36	18	36
Other related parties	910	120	910	120
Key management personnel of the Bank	455	333	455	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.

31 Other benefits to directors and persons with managing authority

For the years ended 31 December 2020 and 2019, benefits to key management personnel were as follows:

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Short-term benefits	200,321	164,210
Post-employment benefits	11,115	7,345
Reserve for share based payment	-	14,371
Total	211,436	185,926

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32 Leases

32.1 Leases as lessee

As at 31 December 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 (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	388,445	7,271	395,716
Depreciation charge for the year	(131,071)	(13,134)	(144,205)
Write-off	(141,772)	(6,622)	(48,394)
At 31 December 2020	<u>791,309</u>	<u>19,456</u>	<u>810,765</u>

Lease liabilities

Maturity analysis of undiscounted lease liabilities as at 31 December 2020 is disclosed as follows:

	Consolidated and the Bank 2020 <i>(in thousand Baht)</i>
Less than 1 year	154,089
Over 1 year to 5 years	429,331
Over 5 years	307,342
Total undiscounted lease liabilities	<u>890,762</u>
Lease liabilities included in the statement of financial position	<u>814,231</u>

Future minimum lease payments

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

	Consolidated	The Bank
	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 years ended 31 December</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Income from subleasing	166	-	665	640
Depreciation for right-of-use assets				
- Building and office spaces	(131,071)	-	(131,071)	-
- Vehicles	(13,134)	-	(13,134)	-
Interest expense on lease liabilities	(18,616)	-	(18,616)	-
Expenses relating to short-term leases	(130)	-	(130)	-
Lease expense under operating leases	-	(142,848)	-	(142,848)

32.2 Leases as lessor

Operating leases

The Bank has agreements for office rentals to the parent and its subsidiary as disclosed in note 30.

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

	Consolidated		The Bank	
	2020		2020	
	<i>(in thousand Baht)</i>			
Portion due within 1 year	166	166	665	665
Total	166	166	665	665

	Consolidated		The Bank	
	2019		2019	
	<i>(in thousand Baht)</i>			
Portion due within 1 year	166	166	665	665
Portion due over 1 year but within 5 years	166	166	665	665
Total	332	332	1,330	1,330

Finance leases

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

33 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.

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34 Interest income

<i>For the years ended 31 December</i>	Consolidated and the Bank	
	2020	2019
	<i>(in thousand Baht)</i>	
Interbank and money market items	35,983	77,625
Investments in debt securities	22,824	25,403
Loans to customers	7,284,849	5,626,151
Hire-purchase	136,882	138,445
Total	<u>7,480,538</u>	<u>5,867,624</u>

35 Interest expenses

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Deposits	963,929	808,339	964,145	808,624
Interbank and money market items	7,131	3,330	7,131	3,330
Contribution to Deposit Protection Agency and BoT	138,614	211,736	138,614	211,736
Total	<u>1,109,674</u>	<u>1,023,405</u>	<u>1,109,890</u>	<u>1,023,690</u>

36 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Fee and service income				
- Acceptances, aval and guarantees	1,673	2,381	1,673	2,381
- Management fee	33,800	64,087	33,800	64,087
- Brokerage fee	346,410	340,187	346,410	340,187
- Others	21,170	11,898	23,961	11,898
Total	<u>403,053</u>	<u>418,553</u>	<u>405,844</u>	<u>418,553</u>
Fee and service expenses				
- Fee and service expenses on ATM	(11,168)	(11,213)	(11,685)	(11,213)
- Loan guarantee commission expenses	(298,921)	(198,417)	(298,921)	(198,417)
- Legal fee	(17,087)	(15,533)	(17,087)	(15,533)
- Collection and recovery expenses	(36,137)	(25,864)	(36,137)	(25,864)
- Others	(29,553)	(21,209)	(30,005)	(21,209)
Total	<u>(392,866)</u>	<u>(272,236)</u>	<u>(393,835)</u>	<u>(272,236)</u>
Net	<u>10,187</u>	<u>146,317</u>	<u>12,009</u>	<u>146,317</u>

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37 (Losses) gains on investments, net

	Consolidated and the Bank 2020 (in thousand Baht)
<i>For the year ended 31 December</i>	
Losses on derecognition	
- Investments in debt instruments measured at FVOCI	(61)
Total	<u>(61)</u>
	Consolidated and the Bank 2019 (in thousand Baht)
<i>For the year ended 31 December</i>	
Gains on sales	
- Available-for-sale investments	623
Total	<u>623</u>

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

	Consolidated and the Bank 2020 (in thousand Baht)
<i>For the year ended 31 December</i>	
Expected credit loss	
Investments in debt instruments measured at FVOCI	39,435
Loans to customers and accrued interest receivables	1,668,857
Other financial assets	1,112
Undrawn loan commitments and financial guarantee contracts	19,060
Others	9,303
Total	<u>1,737,767</u>
	Consolidated and the Bank 2019 (in thousand Baht)
<i>For the year ended 31 December</i>	
Bad debts and doubtful accounts	
- Loans to customers	1,257,857
- Other receivables	9,021
Loss on debt restructuring	8,905
Reversal of revaluation allowance for debt restructuring of the disposed debts	(22,121)
Total	<u>1,253,662</u>

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39 Income tax expense

Income tax recognised in profit or loss

<i>For the years ended 31 December</i>	<i>Note</i>	Consolidated		The Bank	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Current tax					
Current period		306,360	262,921	306,360	262,921
Over provided in prior years		(288)	(288)	(288)	(288)
		<u>306,072</u>	<u>262,633</u>	<u>306,072</u>	<u>262,633</u>
Deferred tax income					
Movements in temporary differences	18	(114,141)	(84,853)	(114,053)	(84,999)
Total		<u>191,931</u>	<u>177,780</u>	<u>192,019</u>	<u>177,634</u>

Income tax recognised in other comprehensive income

<i>For the years ended 31 December</i>	Consolidated and the Bank					
	Before tax	2020 Tax expense	Net of tax	Before tax	2019 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Financial assets measured at FVOCI	2,092	(418)	1,674	-	-	-
Available-for-sale investments	-	-	-	1,365	(273)	1,092
Defined benefit plan actuarial gains	5,739	(1,148)	4,591	299	(60)	239
Total	<u>7,831</u>	<u>(1,566)</u>	<u>6,265</u>	<u>1,664</u>	<u>(333)</u>	<u>1,331</u>

Reconciliation of effective tax rate

<i>For the years ended 31 December</i>	Consolidated			
	Rate (%)	2020 <i>(in thousand Baht)</i>	Rate (%)	2019 <i>(in thousand Baht)</i>
Profit before income tax		1,564,777		888,232
Income tax using the Thai corporation tax rate	20.00	312,955	20.00	177,646
Tax effect of income or expenses that are not taxable income or expenses		(120,736)		422
Over provided in prior years		(288)		(288)
Total	<u>12.26</u>	<u>191,931</u>	<u>20.02</u>	<u>177,780</u>

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<i>For the years ended 31 December</i>	The Bank			
	2020	2019	2020	2019
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		<u>1,591,586</u>		<u>898,752</u>
Income tax using the Thai corporation tax rate	20.00	318,317	20.00	179,750
Tax effect of income or expenses that are not taxable income or expenses		(126,010)		(1,828)
Over provided in prior years		(288)		(288)
Total	<u>12.06</u>	<u>192,019</u>	<u>19.77</u>	<u>177,634</u>

40 Earnings per share

<i>For the years ended 31 December</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>1,372,846</u>	<u>710,452</u>	<u>1,399,567</u>	<u>721,118</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding (basic) at 31 December	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Effect of exercise of share options	<u>15,625</u>	<u>15,625</u>	<u>15,625</u>	<u>15,625</u>
Number of ordinary shares outstanding (diluted) at 31 December	<u>515,625</u>	<u>515,625</u>	<u>515,625</u>	<u>515,625</u>
Earnings per share (basic) <i>(in Baht)</i>	<u>2.75</u>	<u>1.42</u>	<u>2.80</u>	<u>1.44</u>
Earnings per share (diluted) <i>(in Baht)</i>	<u>2.66</u>	<u>1.38</u>	<u>2.71</u>	<u>1.40</u>

41 Events after the reporting period

At the Extraordinary General Meeting of shareholders no.1/2021 held on 11 January 2021, the shareholders have resolutions as follows:

1. Approval of subordinated debentures (perpetual bond) issuance without a representative of debenture holders, intended to qualify as Additional Tier 1 Capital, in the amount of Baht 1,150 million, fixed interest rate at 5.00% per annum to specific investors (institutional investors, high net-worth investors and related parties of the Group).
2. Approval of warrants issuance to the debenture holders as mentioned in no.1 in the amount of 74.75 million warrants.
3. Approval of increase the registered capital of the Bank to reserve for the exercise of the warrants of Baht 747.50 million from Baht 5,156.25 million (515.63 million shares at Baht 10 per share) to be a new registered capital of Baht 5,903.75 million (590.38 million shares at Baht 10 per share).

At the Board of Directors Meeting no.3/2021 held on 26 March 2021, the meeting has a resolution to invest in newly issued ordinary shares of Thai Micro Digital Solutions Co., Ltd., the Subsidiary of the Bank, in total amount of Baht 99,999,970.