

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

Interim financial statements
for the six-month period ended
30 June 2021
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the interim consolidated and the Bank's financial statements of The Thai Credit Retail Bank Public Company Limited and its subsidiary (the "Group"), and of The Thai Credit Retail Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 30 June 2021, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 30 June 2021 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the interim consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

A.



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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the interim consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

A.



- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank's financial statements, including the disclosures, and whether the interim consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
31 August 2021

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of financial position

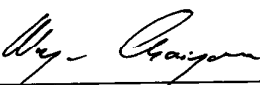
		Consolidated		The Bank	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
Assets	<i>Note</i>				
		<i>(in thousand Baht)</i>			
Cash		440,750	521,068	438,814	521,068
Interbank and money market items, net	9	6,314,542	7,521,365	6,314,542	7,521,365
Investments, net	10	2,340,292	3,463,280	2,340,292	3,463,280
Investments in subsidiary, net	11	-	-	250,000	150,000
Loans to customers and accrued interest receivables, net	12	86,476,740	66,822,686	86,476,740	66,822,686
Properties for sale, net	14	158,757	156,496	158,757	156,496
Premises and equipment, net	15, 34	1,170,465	1,126,480	1,169,899	1,126,123
Intangible assets, net	16	161,042	162,036	145,731	150,136
Deferred tax assets	17	334,947	259,746	334,811	259,658
Other assets, net	18, 32	681,332	544,943	690,206	550,088
Total assets		98,078,867	80,578,100	98,319,792	80,720,900

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


The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of financial position

	Note	Consolidated		The Bank	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
<i>(in thousand Baht)</i>					
Liabilities and equity					
<i>Liabilities</i>					
Deposits	19, 32	79,536,435	64,510,062	79,741,871	64,626,468
Interbank and money market items	20	5,938,788	5,675,614	5,938,788	5,675,614
Liabilities payable on demand		163,887	63,288	163,887	63,288
Debt issued and borrowings	21, 32	860,501	-	860,501	-
Provisions	22	192,807	169,036	192,126	168,595
Other liabilities	23, 32, 34	2,063,337	1,919,913	2,045,834	1,908,778
Total liabilities		88,755,755	72,337,913	88,943,007	72,442,743
<i>Equity</i>					
Share capital	26				
Authorised share capital					
590,375,000 ordinary shares of Baht 10 each		5,903,750		5,903,750	
515,625,000 ordinary shares of Baht 10 each			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
Warrants	27	288,938	-	288,938	-
Other reserves		36,072	38,060	36,072	38,060
Retained earnings					
Appropriated					
Legal reserve	29	170,821	170,821	170,821	170,821
Unappropriated		3,827,281	3,031,306	3,880,954	3,069,276
Equity attributable to equity holders of the Bank		9,323,112	8,240,187	9,376,785	8,278,157
Total equity		9,323,112	8,240,187	9,376,785	8,278,157
Total liabilities and equity		98,078,867	80,578,100	98,319,792	80,720,900


 Mr. Winyou Chaiyawan
 Director




 Mr. Roy Agustinus Gunara
 Director

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Interest income	36	4,587,339	3,432,760	4,587,339	3,432,760
Interest expenses	32, 37	606,791	548,091	606,907	548,235
Net interest income		3,980,548	2,884,669	3,980,432	2,884,525
Fees and service income	32	279,748	213,275	283,479	214,154
Fees and service expenses		246,401	186,980	252,163	186,977
Net fees and service income	38	33,347	26,295	31,316	27,177
Gain (loss) on foreign exchange transactions, net		10	(8)	10	(8)
Gains on investments, net	39	-	7	-	7
Other operating income	32	154,103	55,911	157,104	58,911
Total operating income		4,168,008	2,966,874	4,168,862	2,970,612
Other operating expenses					
Employee expenses	33	1,348,673	1,099,152	1,340,401	1,095,649
Directors' remuneration	33	6,675	4,840	6,675	4,840
Premises and equipment expenses		255,352	246,242	254,788	245,323
Taxes and duties		146,378	101,015	146,371	101,013
Others	32	119,131	131,773	113,077	128,813
Total other operating expenses		1,876,209	1,583,022	1,861,312	1,575,638
Expected credit loss	40	1,291,393	590,528	1,291,393	590,528
Profit from operations before income tax		1,000,406	793,324	1,016,157	804,446
Income tax	41	204,431	32,737	204,479	32,737
Profit for the period		795,975	760,587	811,678	771,709

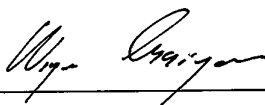
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The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of profit or loss and other comprehensive income

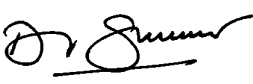
	Note	Consolidated		The Bank	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
(Losses) gains on investments in debt instruments					
at fair value through other comprehensive income		(2,294)	638	(2,294)	638
Income tax relating to items that will be reclassified					
subsequently to profit or loss	41	459	(128)	459	(128)
Total items that will be reclassified subsequently to profit or loss		(1,835)	510	(1,835)	510
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Losses on investments in equity instruments					
at fair value through other comprehensive income		(191)	-	(191)	-
Income tax relating to items that will not be reclassified					
subsequently to profit or loss	41	38	-	38	-
Total items that will not be reclassified subsequently to profit or loss		(153)	-	(153)	-
Total other comprehensive income for the period,					
net of income tax		(1,988)	510	(1,988)	510
Total comprehensive income for the period		793,987	761,097	809,690	772,219
Profit attributable to:					
Equity holders of the Bank		795,975	760,587	811,678	771,709
Non-controlling interest		-	-	-	-
Profit for the period		795,975	760,587	811,678	771,709
Total comprehensive income attributable to:					
Equity holders of the Bank		793,987	761,097	809,690	772,219
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		793,987	761,097	809,690	772,219
Earnings per share					
Basic earnings per share <i>(in Baht)</i>		1.59	1.52	1.62	1.54
Diluted earnings per share <i>(in Baht)</i>		1.50	1.48	1.53	1.50

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 Mr. Winyou Chaiyawan
 Director





 Mr. Roy Agustinus Gunara
 Director

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

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

	Consolidated									
	Other reserves					Retained earnings				
	(in thousand Baht)									
	Issued and paid-up share capital	Warrants (Note 27)	Reserve for share-based payments (Note 28)	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Total equity
Six-month period ended 30 June 2021										
Balance at 1 January 2021	5,000,000	-	34,906	2,774	380	38,060	170,821	3,031,306	8,240,187	8,240,187
Contributions by owners of the Bank										
Issuance of warrants	-	288,938	-	-	-	-	-	-	288,938	288,938
Total contributions by owners of the Bank	-	288,938	-	-	-	-	-	-	288,938	288,938
Comprehensive income for the period										
Profit for the period	-	-	-	-	-	-	-	795,975	795,975	795,975
Other comprehensive income	-	-	-	(1,835)	(153)	(1,988)	-	-	(1,988)	(1,988)
Total comprehensive income for the period	-	-	-	(1,835)	(153)	(1,988)	-	795,975	793,987	793,987
Balance at 30 June 2021	5,000,000	288,938	34,906	939	227	36,072	170,821	3,827,281	9,323,112	9,323,112

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of changes in equity

	Consolidated									
	Other reserves					Retained earnings				
	Issued and paid-up share capital	Reserve for share-based payments	Revaluation surplus on available-for-sale investments, net	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	Equity attributable to equity holders of the Bank	Total equity
<i>(in thousand Baht)</i>										
Six-month period ended 30 June 2020										
Balance at 31 December 2019 - as reported	5,000,000	34,906	1,302	-	-	36,208	100,843	1,865,518	7,002,569	7,002,569
Impact of changes in accounting policies	-	-	(1,302)	1,302	178	178	-	(141,671)	(141,493)	(141,493)
Balance at 1 January 2020 - restated	5,000,000	34,906	-	1,302	178	36,386	100,843	1,723,847	6,861,076	6,861,076
Comprehensive income for the period	-	-	-	-	-	-	-	760,587	760,587	760,587
Profit for the period	-	-	-	510	-	510	-	-	510	510
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	510	-	510	-	760,587	761,097	761,097
Balance at 30 June 2020	5,000,000	34,906	-	1,812	178	36,896	100,843	2,484,434	7,622,173	7,622,173

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

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

	The Bank						Total equity		
	Other reserves			Retained earnings					
	Issued and paid-up share capital	Reserve for share-based payments (Note 28)	Revaluation surplus on available-for-sale investments, net	Revaluation surplus on investments in debt instruments at fair value through other comprehensive income	Revaluation surplus on investments in equity instruments at fair value through comprehensive income	Total other reserves	Legal reserve	Unappropriated	
Six-month period ended 30 June 2020									
Balance at 31 December 2019 - as reported	5,000,000	34,906	1,302	-	-	36,208	100,843	1,876,767	7,013,818
Impact of changes in accounting policies	-	-	(1,302)	1,302	178	178	-	(141,671)	(141,493)
Balance at 1 January 2020 - restated	5,000,000	34,906	-	1,302	178	36,386	100,843	1,735,096	6,872,325
Comprehensive income for the period									
Profit for the period	-	-	-	-	-	-	-	771,709	771,709
Other comprehensive income	-	-	-	510	-	510	-	-	510
Total comprehensive income for the period	-	-	-	510	-	510	-	771,709	772,219
Balance at 30 June 2020	5,000,000	34,906	-	1,812	178	36,896	100,843	2,506,805	7,644,544

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of cash flows

	Consolidated		The Bank	
	Six-month periods ended		Six-month periods ended	
	30 June		30 June	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	1,000,406	793,324	1,016,157	804,446
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	118,776	158,689	118,069	158,356
Expected credit loss	1,291,393	590,528	1,291,393	590,528
Impairment losses on other assets	-	4,994	-	4,994
Provision for employee benefits	22,956	19,722	22,716	19,722
Provision for decommissioning cost of leasehold improvement	815	178	815	178
Contract liabilities	116	-	-	-
(Gains) losses on sales of properties for sale	(1,606)	4,138	(1,606)	4,138
Gains on sales of premises and equipment	(31)	-	(31)	-
Losses on write-off on equipment	4,321	-	4,321	-
Gains on disposal of investments	-	(7)	-	(7)
Net amortisation of premium on investments	514	36,796	514	36,796
Net interest income	(3,980,548)	(2,884,669)	(3,980,432)	(2,884,525)
Interest received	3,873,647	2,931,685	3,873,647	2,931,685
Interest paid	(605,660)	(496,354)	(605,775)	(496,499)
Dividend income	(38)	(55)	(38)	(55)
Income tax paid	(220,626)	(6,746)	(220,626)	(6,746)
Profit from operations before changes in operating assets and liabilities	1,504,435	1,152,223	1,519,124	1,163,011
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	1,206,841	(5,244,683)	1,206,841	(5,244,683)
Loans to customers	(20,237,642)	(10,356,352)	(20,237,642)	(10,356,352)
Properties for sale	(1,078)	2,891	(1,078)	2,891
Other assets	(126,126)	(30,791)	(134,075)	(30,207)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	15,048,807	13,937,038	15,134,875	13,941,718
Interbank and money market items	263,174	3,799,484	263,174	3,799,484
Liabilities payable on demand	100,599	63,683	100,599	63,683
Provision for employee benefits	-	(2,060)	-	(2,060)
Other liabilities	(2,422)	(118,588)	(3,831)	(134,741)
Net cash (used in) provided by operating activities	(2,243,412)	3,202,845	(2,152,013)	3,202,744

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary

Statements of cash flows

	<i>Note</i>	Consolidated		The Bank	
		Six-month periods ended		Six-month periods ended	
		30 June		30 June	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		8,912	7,197	8,912	7,197
Dividend received		38	55	38	55
Purchase of instruments measured at fair value through other comprehensive income		(1,978,000)	(7,141,000)	(1,978,000)	(7,141,000)
Proceeds from sales and redemption of instruments measured at fair value through other comprehensive income		3,098,000	3,990,007	3,098,000	3,990,007
Purchase of investment in subsidiary		-	-	(100,000)	-
Purchase of equipment		(40,596)	(24,129)	(40,469)	(24,033)
Cash received from sales of equipment		79	-	79	-
Purchase of intangible assets		(14,976)	(4,994)	(8,438)	(4,989)
Net cash provided by (used in) investing activities		1,073,457	(3,172,864)	980,122	(3,172,763)
<i>Cash flows from financing activities</i>					
Cash received from subordinated debentures and warrants		1,150,000	-	1,150,000	-
Cash paid for fees related to issuance of subordinated debentures		(2,101)	-	(2,101)	-
Payment of lease liabilities		(58,262)	(74,590)	(58,262)	(74,590)
Net cash provided by (used in) financing activities		1,089,637	(74,590)	1,089,637	(74,590)
Net decrease in cash		(80,318)	(44,609)	(82,254)	(44,609)
Cash at 1 January		521,068	473,622	521,068	473,622
Cash at 30 June		440,750	429,013	438,814	429,013

Supplementary disclosures of cash flow information

Non-cash transactions:

(Losses) gains on investment in debt instruments at fair value through other comprehensive income		(2,294)	638	(2,294)	638
Increase in properties for sale due to debts settlement	14	5,497	151,308	5,497	151,308
Increase (decrease) in payable for purchases of equipment		7,777	(70)	7,640	-
Decrease in payable for purchases of intangible assets		(2,475)	-	-	-

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

The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2021

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The Thai Credit Retail Bank Public Company Limited and its Subsidiary
Notes to the interim financial statements
For the six-month period ended 30 June 2021

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 31 August 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 period were V.C. Property Co., Ltd. and VNB Holding Company Limited which were incorporated in Thailand.

The principal business of the Bank are financial services under the scope of retail banking license. Its subsidiary is incorporated as a limited company under Thai laws and has been operating in Thailand. Details of the Bank’s subsidiary as at 30 June 2021 are given in note 11.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (“TAS”) No. 34 “*Interim Financial Reporting*”; guidelines promulgated by the Federation of Accounting Professions and regulations of the Bank of Thailand; and presented as prescribed by the Bank of Thailand (“BoT”) notification number Sor Nor Sor 21/2561, directive dated 31 October 2018, regarding “*The preparation and announcement of the financial statements of 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*”.

The Group has initially applied revised TFRSs that are effective for annual periods beginning on or after 1 January 2021 and has not early adopted TFRSs which are not yet effective. The application has no material impact on the financial statements.

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 interim financial statements. The Group has assessed the potential initial impact on the interim financial statements of these new and revised TFRSs and expects that there will be no material impact on the interim financial statements in the period of initial application.

(b) Functional and presentation currency

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

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(c) Use of judgements and estimates

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

Judgements

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

- Note 3 Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ("SPPI") on the principal amount outstanding;
- Note 4 Impact of COVID-19 outbreak.
- Note 13 Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss ("ECL") and selection and approval of models used to measure ECL; and
- Note 34 Leases
- whether an arrangement contains a lease;
 - whether the Group is reasonably certain to exercise extension options;
 - whether the Group exercises termination options;
 - whether the Group has transferred substantially all the risks and rewards incidental to the ownership of the assets to lessees.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 2021 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 4 Impact of COVID-19 outbreak;
- Note 6 Measurement of the fair value of financial instruments with significant unobservable inputs;
- Note 13 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 17 Recognition of deferred tax assets; and
- Note 22 Measurement of defined benefit obligations; key actuarial assumptions.

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3 Significant accounting policies

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

(a) Basis of consolidation

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

Subsidiary

Subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

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

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of equity investments designated as at FVOCI are recognised in other comprehensive income.

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(c) Cash

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

(d) Financial instruments

(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.

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, 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;

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- 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.

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.

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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.

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.

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(e) Investments

Investments in subsidiary

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

Investments, net

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.

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.

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. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

(f) 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.

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(g) Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

Premises	25	years
Leasehold improvements	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.

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(h) Leases

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.

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

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(i) 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.

(j) Impairment of financial assets and lease receivables

Significant estimates and judgements

The Group's expected credit loss ("ECL") 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;

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- 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; 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.

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.

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- 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.

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.

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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.

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.

(k) *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.

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.

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(l) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as employee expenses 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 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.

(m) 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.

Allowance for expected credit losses on obligation having credit risk exposures

The Group provides allowance for expected credit losses on undrawn loan commitments and financial guarantee contracts by the same methods applied to allowance for expected credit losses as described in note 3 (j).

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(n) Warrants

Warrants offered to subordinated debenture holders are measured at amount received from issuance of subordinated debenture less the initial fair value of the subordinated debenture.

(o) Share-based payments

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

(p) 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.

(g) Interest

Effective interest rate

Interest income and interest 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 interest expense

The effective interest rate of a financial asset or a financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and interest 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. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instrument to reflect movements in market rates of interest.

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.

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(r) 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

Fees and service income are recognised when a customer obtains control of the service in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties and value added tax. Judgement is required in determining the timing of the transfer of control for revenue recognition at a point in time or over time. The related costs are recognised in profit or loss when they are incurred.

Brokerage income

For the contracts that the Group is arranging for the provision of the goods or services on behalf of its customers and does not control the goods or services before the primary sellers or service providers will provide the goods or services to the customers. The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

(s) Expenses

The Group recognises expenses on an accrual basis.

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

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

(t) Income tax

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

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

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.

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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 tax 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 periods based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) *Earnings per share*

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the number of ordinary shares outstanding during the 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, including share options granted to senior management.

(v) *Related parties*

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

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4 Impact of COVID-19 outbreak

COVID-19 outbreak is still on-going, while vaccines for the COVID-19 are being rolled out during 2021. 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. In 2021, relief measures provided by the Group are as follows:

- Repayment holiday or decrease instalment or instalment period extension or debt consolidation subject to the Group’s criteria
- Reduce the transfer fee charged by the Department of Land to 0.01% for the asset transfer agreement.

As at 30 June 2021, the Group provided relief measures: extending the term combined with decreasing instalments by approximately 22.07% (31 December 2020: 28.69%) and by granting the repayment holiday by approximately 0.70% (31 December 2020: 0.37%) of the gross carrying amount of loans to customers.

During July 2021, the government has strengthened a control measure on COVID-19 in risky areas to prevent the transmission. The restriction on travels and activities has been implemented which broadly affects to people. The BoT has collaborated with financial institutions to provide relief measures for affected debtors. Apart from the aforementioned relief measures, the Group has provided additional one by offering a repayment holiday of 2 months to SME customers and Retail customers who are under the risk restricted areas and those customers who are outside the risk restricted areas and close their businesses according to the control measure by the government.

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 modification;
- NPL modified loans (troubled debt restructures) can be classified as stage 1 (performing) only if they can repay 3 consecutive months or 3 consecutive dues, whichever is longer;
- Revision of EIR at the date of modification;
- 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.

In August 2021, the BoT has announced to extend the period of the reduction in rate of contribution from financial institutions to the FIDF from 0.46% per annum to 0.23% per annum to end of 2022.

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.

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5 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.

5.1 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.

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 risk 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.

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Credit quality analysis

The following tables set out information about the credit quality as at 30 June 2021 and 31 December 2020 without taking into account collateral or other credit enhancement.

	Consolidated and the Bank			Total
	Stage 1	30 June 2021		
		Stage 2	Stage 3	
		<i>(in thousand Baht)</i>		
<i>Interbank and money market items (asset)</i>				
Current	6,315,542	-	-	6,315,542
Gross carrying amount	6,315,542	-	-	6,315,542
Net carrying amount	6,315,542	-	-	6,315,542
<i>Loans to customers and accrued interest receivables</i>				
Current	76,107,315	2,307,607	34,522	78,449,444
Overdue 1 - 30 days	5,846,535	942,015	8,210	6,796,760
Overdue 31 - 60 days	24,690 ⁽¹⁾	2,282,015	10,710	2,317,415
Overdue 61 - 90 days	-	628,611	18,269	646,880
Overdue more than 91 days	-	122,006 ⁽²⁾	2,619,944	2,741,950
Gross carrying amount	81,978,540	6,282,254	2,691,655	90,952,449
Less allowance for expected credit loss	(1,781,348)	(1,640,855)	(1,053,506)	(4,475,709)
Net carrying amount	80,197,192	4,641,399	1,638,149	86,476,740
<i>Investments in debt instruments measured at FVOCI</i>				
Low credit risk ⁽³⁾	2,336,864	-	-	2,336,864
Credit impaired	-	-	40,470	40,470
Gross carrying amount	2,336,864	-	40,470	2,377,334
Allowance for expected credit loss	(23)	-	(40,470)	(40,493)
Carrying amount - Fair value	2,337,925	-	-	2,337,925
<i>Undrawn loan commitments and financial guarantee contracts</i>				
Unconditional unused credit line	144,730	324	42,199	187,253
Allowance for expected credit loss	-	-	(19,178)	(19,178)

⁽¹⁾ Financial assets that are not more than 1 month past due

⁽²⁾ Financial assets that are not more than 3 months past due

⁽³⁾ Investment grade

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	Stage 1	Consolidated and the Bank 31 December 2020		Total
		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	<u>7,521,365</u>	-	-	<u>7,521,365</u>
Net carrying amount	<u>7,521,365</u>	-	-	<u>7,521,365</u>
<i>Loans to customers and accrued interest receivables</i>				
Current	62,280,304	2,248,980	21,854	64,551,138
Overdue 1 - 30 days	2,004,502	477,613	10,078	2,492,193
Overdue 31 - 60 days	208,135 ⁽¹⁾	701,844	41,920	951,899
Overdue 61 - 90 days	-	406,150	8,285	414,435
Overdue more than 91 days	-	27,672 ⁽²⁾	1,929,725	1,957,397
Gross carrying amount	64,492,941	3,862,259	2,011,862	70,367,062
Less allowance for expected credit loss	<u>(1,670,154)</u>	<u>(1,127,027)</u>	<u>(747,195)</u>	<u>(3,544,376)</u>
Net carrying amount	<u>62,822,787</u>	<u>2,735,232</u>	<u>1,264,667</u>	<u>66,822,686</u>
<i>Investments in debt instruments measured at FVOCI</i>				
Low credit risk ⁽³⁾	3,457,379	-	-	3,457,379
Credit impaired	-	-	40,470	40,470
Gross carrying amount	<u>3,457,379</u>	-	40,470	<u>3,497,849</u>
Allowance for expected credit loss	(35)	-	(40,470)	(40,505)
Carrying amount - Fair value	<u>3,460,722</u>	-	-	<u>3,460,722</u>
<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)

- (1) Financial assets that are not more than 1 month past due
(2) Financial assets that are not more than 3 months past due
(3) Investment grade

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.

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As at 30 June 2021 and 31 December 2020, the Group holds collateral and other credit enhancements as follows:

Type of credit expense	Credit exposure (in thousand Baht)	Consolidated and the Bank 30 June 2021	
		Collateral*	Principal type of collateral held and other credit enhancements
Interbank and money market items			
- Reverse repurchase agreements	4,800,180	4,840,439	Government and state enterprise securities and private debt securities
- Deposits at BoT and domestic commercial banks	1,514,362	-	None
Investments in debt instruments			
- Government and state enterprise securities	2,336,864	-	None
- Private debt securities	40,470	-	None
Loans to SME and micro SME customers			
- Loans	64,350,353	91,613,105	Deposits, gold, land, building, residence, machine, and TCG
- Hire purchase	21,861	3,331,834	Machine, equipment, and vehicle
Loans to micro finance customers	12,743,356	-	TCG
Loans to retail customers			
- Housing loans	13,331,680	36,212,776	Residence
- Other loans to retail customers	505,199	475,546	Gold, residence, and vehicle

* Most recent appraisal value

Type of credit expense	Credit exposure (in thousand Baht)	Consolidated and the Bank 31 December 2020	
		Collateral*	Principal type of collateral held and other credit enhancements
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

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, loans to customers and accrued interest receivables and undue interest receivables, undrawn loan commitments and financial guarantee contracts is shown below.

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	Consolidated and the Bank				
	Interbank and money market items (asset)	Investments in debt instruments	Loans to customers and accrued interest receivables and undue interest receivables (in thousand Baht)	Undrawn loan commitments	Financial guarantee contracts
<i>At 30 June 2021</i>					
Gross carrying amount	6,314,542	2,377,334	90,952,449	-	-
Undrawn loan commitments and financial guarantee contracts	-	-	-	145,475	41,778
<i>Concentration</i>					
<i>Financial institutions</i>					
Government and state enterprises	1,051,842	2,336,864	-	-	-
Commercial banks	3,162,556	-	-	-	-
Specialised financial institutions	2,100,144	-	-	-	-
<i>SME</i>					
Agriculture and mineral	-	-	742,646	-	-
Manufacture and trading	-	-	47,891,577	26,685	-
Real estate and construction	-	-	12,802,326	77,247	41,778
Utilities and services	-	40,470	14,613,485	4,312	-
Others	-	-	1,065,535	20,001	-
<i>Retail</i>					
Housing loans	-	-	4,875,647	720	-
Other lendings	-	-	8,961,233	16,510	-
<i>At 31 December 2020</i>					
Gross carrying amount	7,521,365	3,497,849	70,367,062	-	-
Undrawn loan commitments and financial guarantee contracts	-	-	-	93,938	41,778
<i>Concentration</i>					
<i>Financial institutions</i>					
Government and state enterprises	1,401,267	3,457,379	-	-	-
Commercial banks	3,720,033	-	-	-	-
Specialised financial institutions	2,400,065	-	-	-	-
<i>SME</i>					
Agriculture and mineral	-	-	746,785	647	-
Manufacture and trading	-	-	36,402,991	13,889	-
Real estate and construction	-	-	8,555,017	54,869	41,778
Utilities and services	-	40,470	12,183,987	3,098	-
Others	-	-	340,994	-	-
<i>Retail</i>					
Housing loans	-	-	4,401,624	3,085	-
Other lendings	-	-	7,735,664	18,350	-

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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.

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.

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

<i>Scenario probability weighted</i>	Consolidated and the Bank		
	Base case	Scenario 1 (%)	Scenario 2
30 June 2021	80	10	10
31 December 2020	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.

5.2 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.

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 30 June 2021 and 31 December 2020, the financial assets and liabilities classified by maturity of interest repricing periods are as follows:

	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			
Financial assets								
Cash	-	-	-	-	-	-	440,750	440,750
Interbank and money market items, net	83	4,800,000	-	-	-	-	1,514,459	6,314,542
Investments, net	-	1,018,671	1,250,822	68,432	-	-	2,367	2,340,292
Loans to customers	131,556	69,828,044	8,203,235	6,358,997	1,799,882	2,455,545	-	88,777,259
Other financial assets	-	-	-	-	-	-	434,476	434,476
Total financial assets	131,639	75,646,715	9,454,057	6,427,429	1,799,882	2,455,545	2,392,052	98,307,319
Financial liabilities								
Deposits	26,454,526	8,614,158	35,312,693	9,155,058	-	-	-	79,536,435
Interbank and money market items	645,588	112,585	3,333,050	1,847,565	-	-	-	5,938,788
Liabilities payable on demand	-	-	-	-	-	-	163,887	163,887
Debt issued and borrowings	-	-	-	-	860,501	-	-	860,501
Other financial liabilities	-	-	-	-	-	-	1,177,332	1,177,332
Total financial liabilities	27,100,114	8,726,743	38,645,743	11,002,623	860,501	-	1,341,219	87,676,943

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	Consolidated							Total
	31 December 2020							
	Repricing periods					Non-performing assets	Non-interest bearing	
Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years				
<i>(in thousand Baht)</i>								
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
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	46,631,255	9,998,600	8,120,338	6,859,146	1,870,239	1,879,817	2,391,855	80,751,250
Financial liabilities								
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	18,858,537	10,729,056	28,526,594	12,071,489	-	-	1,142,618	71,328,294
The Bank								
30 June 2021								
	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			
<i>(in thousand Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	438,814	438,814
Interbank and money market items, net	83	4,800,000	-	-	-	-	1,514,459	6,314,542
Investments, net	-	1,018,671	1,250,822	68,432	-	-	2,367	2,340,292
Investments in subsidiary, net	-	-	-	-	-	-	250,000	250,000
Loans to customers	131,556	69,828,044	8,203,235	6,358,997	1,799,882	2,455,545	-	88,777,259
Other financial assets	-	-	-	-	-	-	444,706	444,706
Total financial assets	131,639	75,646,715	9,454,057	6,427,429	1,799,882	2,455,545	2,650,346	98,565,613
Financial liabilities								
Deposits	26,454,526	8,819,594	35,312,693	9,155,058	-	-	-	79,741,871
Interbank and money market items	645,588	112,585	3,333,050	1,847,565	-	-	-	5,938,788
Liabilities payable on demand	-	-	-	-	-	-	163,887	163,887
Debt issued and borrowings	-	-	-	-	860,501	-	-	860,501
Other financial liabilities	-	-	-	-	-	-	1,160,093	1,160,093
Total financial liabilities	27,100,114	8,932,179	38,645,743	11,002,623	860,501	-	1,323,980	87,865,140

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	The Bank							Total
	31 December 2020							
	Repricing periods							
Immediate repricing	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-performing assets	Non-interest bearing		
<i>(in thousand Baht)</i>								
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

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 six-month period ended 30 June 2021 and the year ended 31 December 2020 were as follows:

	Consolidated					
	30 June 2021			31 December 2020		
	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	6,407,499	19,517	0.61	4,926,302	35,983	0.73
Investments	2,925,169	7,181	0.49	3,253,801	22,824	0.70
Loans to customers	80,538,938	4,560,641	11.33	60,840,705	7,421,731	12.20
Total	89,871,606	4,587,339		69,020,808	7,480,538	
Interest-bearing financial liabilities						
Deposits	73,193,983	595,906	1.63	56,980,790	1,102,543	1.93
Interbank and money market items	5,682,013	3,832	0.13	3,680,386	7,131	0.19
Debt issued and borrowings	859,751	7,053	4.92	-	-	-
Total	79,735,747	606,791		60,661,176	1,109,674	

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	The Bank					
	30 June 2021			31 December 2020		
	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	6,407,499	19,517	0.61	4,926,302	35,983	0.73
Investments	2,925,169	7,181	0.49	3,253,801	22,824	0.70
Loans to customers	<u>80,538,938</u>	<u>4,560,641</u>	11.33	<u>60,840,705</u>	<u>7,421,731</u>	12.20
Total	<u>89,871,606</u>	<u>4,587,339</u>		<u>69,020,808</u>	<u>7,480,538</u>	
<i>Interest-bearing financial liabilities</i>						
Deposits	73,368,005	596,022	1.62	57,105,975	1,102,759	1.93
Interbank and money market items	5,682,013	3,832	0.13	3,680,386	7,131	0.19
Debt issued and borrowings	<u>859,751</u>	<u>7,053</u>	4.92	-	-	-
Total	<u>79,909,769</u>	<u>606,907</u>		<u>60,786,361</u>	<u>1,109,890</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>			
<i>30 June 2021</i>				
Fixed interest instruments	<u>283,334</u>	<u>(283,334)</u>	<u>226,667</u>	<u>(226,667)</u>
Sensitivity of cash flow (net)	<u>283,334</u>	<u>(283,334)</u>	<u>226,667</u>	<u>(226,667)</u>
<i>31 December 2020</i>				
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>			
<i>30 June 2021</i>				
Fixed interest instruments	<u>281,366</u>	<u>(281,366)</u>	<u>225,093</u>	<u>(225,093)</u>
Sensitivity of cash flow (net)	<u>281,366</u>	<u>(281,366)</u>	<u>225,093</u>	<u>(225,093)</u>
<i>31 December 2020</i>				
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>

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5.3 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.

5.4 Equity price risk

Investments in equity instruments consist of investments in equity instruments designated at fair value through other comprehensive income held from loan modification.

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.

5.5 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 Group as at 30 June 2021 through the Bank's website at www.tcrbank.com within October 2021.

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As at 30 June 2021 and 31 December 2020, financial assets and liabilities of the Group classified by maturities were as follows:

	Consolidated 30 June 2021 (in thousand Baht)					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
Financial assets						
Cash	-	-	-	-	440,750	440,750
Interbank and money market items, net	1,514,362	4,800,180	-	-	-	6,314,542
Investments, net	-	2,269,493	68,432	-	2,367	2,340,292
Loans to customers	424,734	19,689,849	36,578,867	29,628,264	2,455,545	88,777,259
Other financial assets	-	364,241	-	58,951	11,284	434,476
Total financial assets	1,939,096	27,123,763	36,647,299	29,687,215	2,909,946	98,307,319
Financial liabilities						
Deposits	26,249,090	44,132,287	9,155,058	-	-	79,536,435
Interbank and money market items	645,588	3,445,635	1,847,565	-	-	5,938,788
Liabilities payable on demand	163,887	-	-	-	-	163,887
Debt issued and borrowings	-	-	-	860,501	-	860,501
Other financial liabilities	20,551	1,113,075	42,532	-	1,174	1,177,332
Total financial liabilities	27,079,116	48,690,997	11,045,155	860,501	1,174	87,676,943
Net liquidity gap	(25,140,020)	(21,567,234)	25,602,144	28,826,714	2,908,772	10,630,376
Financial guarantee contracts	-	-	-	-	41,778	41,778

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	Consolidated				Total
	At call	Less than 1 year	Over 1 year to 5 years <i>(in thousand Baht)</i>	31 December 2020 Over 5 years <i>(in thousand Baht)</i>	
<i>Financial assets</i>					
Cash	-	-	-	-	521,068
Interbank and money market items, net	1,521,203	6,000,162	-	-	7,521,365
Investments, net	-	3,180,416	280,309	-	3,463,280
Loans to customers	247,635	15,135,613	30,229,625	21,405,675	68,898,365
Other financial assets	-	280,152	-	55,736	347,172
Total financial assets	1,768,838	24,596,343	30,509,931	21,461,411	80,751,250
<i>Financial liabilities</i>					
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	1,062,390	7,825	-	1,079,330
Total financial liabilities	18,929,781	40,318,040	12,079,314	1,159	71,328,294
Net liquidity gap	(17,160,943)	(15,721,697)	18,430,617	21,461,411	9,422,956
Financial guarantee contracts	-	-	-	-	41,778

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	The Bank 30 June 2021 (in thousand Baht)					Total
	At call	Less than 1 year	Over 1 year to 5 years	Over 5 years	No maturity	
Financial assets						
Cash	-	-	-	-	438,814	438,814
Interbank and money market items, net	1,514,362	4,800,180	-	-	-	6,314,542
Investments, net	-	2,269,493	68,432	-	2,367	2,340,292
Investments in subsidiary, net	-	-	-	-	250,000	250,000
Loans to customers	424,734	19,689,849	36,578,867	29,628,264	2,455,545	88,777,259
Other financial assets	-	374,471	-	58,951	11,284	444,706
Total financial assets	1,939,096	27,133,993	36,647,299	29,687,215	3,158,010	98,565,613
Financial liabilities						
Deposits	26,454,526	44,132,287	9,155,058	-	-	79,741,871
Interbank and money market items	645,588	3,445,635	1,847,565	-	-	5,938,788
Liabilities payable on demand	163,887	-	-	-	-	163,887
Debt issued and borrowings	-	-	-	860,501	-	860,501
Other financial liabilities	-	1,118,485	40,434	-	1,174	1,160,093
Total financial liabilities	27,264,001	48,696,407	11,043,057	860,501	1,174	87,865,140
Net liquidity gap	(25,324,905)	(21,562,414)	25,604,242	28,826,714	3,156,836	10,700,473
Financial guarantee contracts	-	-	-	-	41,778	41,778

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	The Bank				
	31 December 2020	Over 1 year to 5 years	Over 5 years	No maturity	Total
	<i>(in thousand Baht)</i>				
<i>Financial assets</i>					
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	68,898,365
Other financial assets	-	285,297	-	11,284	352,317
Total financial assets	1,768,838	24,601,488	30,509,931	21,461,411	80,906,395
<i>Financial liabilities</i>					
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	-	1,059,382	7,825	1,159	1,068,366
Total financial liabilities	18,921,825	40,431,438	12,079,314	1,159	71,433,736
Net liquidity gap	(17,152,987)	(15,829,950)	18,430,617	21,461,411	9,472,659
Financial guarantee contracts	-	-	-	41,778	41,778

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6 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 measured at amortised cost if the carrying amount is a reasonable approximation of fair value.

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	Note	Carrying amount			Consolidated			
		FVOCI	Amortised Cost		Fair value			
			Total	Level 1 (in thousand Baht)	Level 2	Level 3	Total	
30 June 2021								
Financial assets								
Investments	10	2,337,925	-	2,337,925	-	2,337,925	-	2,337,925
- Debt instruments		2,367	-	2,367	-	-	2,367	2,367
- Equity instruments		-	-	-	-	-	-	-
Loans to customers and accrued interest receivables, net	12.1	-	86,476,740	86,476,740	-	-	80,622,378	80,622,378
Financial liabilities								
Deposits	19.1	-	79,536,435	79,536,435	-	79,458,516	-	79,458,516
Interbank and money market items	20	-	5,938,788	5,938,788	-	5,936,580	-	5,936,580
31 December 2020								
Financial assets								
Investments	10	3,460,722	-	3,460,722	-	3,460,722	-	3,460,722
- Debt instruments		2,558	-	2,558	-	-	2,558	2,558
- Equity instruments		-	-	-	-	-	-	-
Loans to customers and accrued interest receivables, net	12.1	-	66,822,686	66,822,686	-	-	61,904,967	61,904,967
Financial liabilities								
Deposits	19.1	-	64,510,062	64,510,062	-	58,926,836	-	58,926,836
Interbank and money market items	20	-	5,675,614	5,675,614	-	5,672,032	-	5,672,032

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	Note	Carrying amount		The Bank				Total
		FVOCI	Amortised Cost	Level 1 (in thousand Baht)	Level 2	Level 3	Fair value	
30 June 2021								
<i>Financial assets</i>								
Investments	10	2,337,925	-	-	2,337,925	-	-	2,337,925
- Debt instruments		2,367	-	-	-	2,367	-	2,367
- Equity instruments		-	-	-	-	-	-	-
Loans to customers and accrued interest receivables, net	12.1	-	86,476,740	-	-	80,622,378	-	80,622,378
<i>Financial liabilities</i>								
Deposits	19.1	-	79,741,871	-	79,663,952	-	-	79,663,952
Interbank and money market items	20	-	5,938,788	-	5,936,580	-	-	5,936,580
31 December 2020								
<i>Financial assets</i>								
Investments	10	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	12.1	-	66,822,686	-	-	61,904,967	-	61,904,967
<i>Financial liabilities</i>								
Deposits	19.1	-	64,626,468	-	59,043,242	-	-	59,043,242
Interbank and money market items	20	-	5,675,614	-	5,672,032	-	-	5,672,032

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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

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 six-month period ended 30 June</i>	Consolidated and the Bank			
	2021	2020	2020	2020
	Investment in debt instruments	Investment in equity instruments <i>(in thousand Baht)</i>	Investment in debt instruments	Investment in equity instruments
As at 1 January	-	2,558	-	2,306
Transfer to Level 3 fair value	-	-	40,331	-
Loss recognised to profit or loss	-	-	(40,331)	-
Loss recognised to other comprehensive income	-	(191)	-	-
As at 30 June	-	2,367	-	2,306

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the six-month period ended 30 June 2021 and the year ended 31 December 2020.

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.

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Investments in debt instruments

Fair values of investments in debt instruments which are not credit-impaired 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.

Loans to customers

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

For fixed rate loans which are not credit-impaired the fair value is equal to the present value of future cash flows discounted by the effective interest rate of loans.

For credit-impaired fixed rate loans, the fair value is equal to the net 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.

Debt issued and borrowings

The fair value is approximated based on their carrying amount, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market.

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.

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7 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.

The Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. As at 30 June 2021 and 31 December 2020, the Bank's total capital funds could be categorised as follows:

	The Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	5,000,000	5,000,000
Warrants	34,906	34,906
Legal reserve	170,821	170,821
Net profits after appropriation	3,069,276	2,436,827
Other reserves	1,166	3,154
Capital deduction items on CET1	<u>(480,542)</u>	<u>(409,796)</u>
Total Common Equity Tier 1 Capital	<u>7,795,627</u>	<u>7,235,912</u>
Additional Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	1,150,000	-
Total Tier 1 Capital	<u>8,945,627</u>	<u>7,235,912</u>
Tier 2 Capital		
General provision	779,033	621,946
Total Tier 2 Capital	<u>779,033</u>	<u>621,946</u>
Total Capital funds	<u>9,724,660</u>	<u>7,857,858</u>
Total Risk-Weighted Assets	<u>73,364,156</u>	<u>59,469,263</u>

	The BoT's regulation minimum requirement	30 June	31 December
		2021	2020
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.00	13.26	13.21
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.50	12.19	12.17
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.00	10.63	12.17

As at 30 June 2021 and 31 December 2020, the Bank has no add-on arising from Single Lending Limit.

As at 30 June 2021, the Bank has the subordinated debentures which BoT had approved to include in addition Tier 1 Capital since 27 May 2021.

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The Bank will disclose capital adequacy and capital risk exposure information for the Bank as at 30 June 2021 through the Bank's website at www.tcrbank.com within October 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.

8 Classification of financial assets and financial liabilities

	Consolidated			Total
	30 June 2021			
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	
	<i>(in thousand Baht)</i>			
Financial assets				
Cash	-	-	440,750	440,750
Interbank and money market items, net	-	-	6,314,542	6,314,542
Investments, net				
Government and state enterprise securities	2,337,925	-	-	2,337,925
Domestic non-marketable equity securities	-	2,367	-	2,367
Loans to customers and accrued interest receivables, net	-	-	86,476,740	86,476,740
Other financial assets	-	-	434,476	434,476
Total	2,337,925	2,367	93,666,508	96,006,800
Financial liabilities				
Deposits	-	-	79,536,435	79,536,435
Interbank and money market items	-	-	5,938,788	5,938,788
Liabilities payable on demand	-	-	163,887	163,887
Debt issued and borrowings	-	-	860,501	860,501
Other financial liabilities	-	-	1,177,332	1,177,332
Total	-	-	87,676,943	87,676,943
	Consolidated			Total
	31 December 2020			
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	
	<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

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	Consolidated			
	31 December 2020			
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	<i>(in thousand Baht)</i>			
<i>Financial liabilities</i>				
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				
30 June 2021				
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	<i>(in thousand Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	438,814	438,814
Interbank and money market items, net	-	-	6,314,542	6,314,542
Investments, net				
Government and state enterprise securities	2,337,925	-	-	2,337,925
Domestic non-marketable equity securities	-	2,367	-	2,367
Loans to customers and accrued interest receivables, net	-	-	86,476,740	86,476,740
Other financial assets	-	-	444,706	444,706
Total	2,337,925	2,367	93,674,802	96,015,094
<i>Financial liabilities</i>				
Deposits	-	-	79,741,871	79,741,871
Interbank and money market items	-	-	5,938,788	5,938,788
Liabilities payable on demand	-	-	163,887	163,887
Debt issued and borrowings	-	-	860,501	860,501
Other financial liabilities	-	-	1,160,093	1,160,093
Total	-	-	87,865,140	87,865,140

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	The Bank			
	31 December 2020			
	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at amortised cost	Total
	<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	-	-	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

9 Interbank and money market items, net (assets)

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Domestic		
Bank of Thailand	1,051,842	1,401,267
Commercial banks	3,162,520	3,719,936
Specialised financial institutions	2,100,000	2,400,000
Total	6,314,362	7,521,203
Add accrued interest receivables and undue interest receivables	180	162
Total domestic	6,314,542	7,521,365

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10 Investments, net

Classified by type of investments

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
<i>Investments in debt instruments measured at FVOCI</i>		
Government and state enterprise securities	2,337,925	3,460,722
Total	2,337,925	3,460,722
Allowance for expected credit loss	(40,493)	(40,505)
<i>Investments in equity instruments designated at FVOCI</i>		
Domestic non-marketable equity securities	2,367	2,558
Total	2,367	2,558
Total investments, net	2,340,292	3,463,280

As at 30 June 2021 and 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 (31 December 2020: Baht 40.47 million) which the allowance for expected credit losses are fully provided.

As at 30 June 2021 and 31 December 2020, the Group had some investments in securities pledged as collateral as disclosed in note 30.

As at 30 June 2021 and 31 December 2020, 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 Investments in subsidiary, net

Company	Type of business	Type of share	The Bank		Cost		Dividend income for the six-month periods ended	
			Percentage of ownership interest	Percentage of ownership interest	30 June 2021	31 December 2020	30 June 2021	30 June 2020
			30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	30 June 2020
			<i>(%)</i>		<i>(in thousand Baht)</i>			
Subsidiary								
Thai Micro Digital Solutions Co., Ltd.	Electronic payment and electronic money service	Ordinary	100.00	100.00	250,000	150,000	-	-
Total					250,000	150,000	-	-

At the Annual General Meeting of the shareholders of Thai Micro Digital Solutions Co., Ltd. (“TMDS”), a subsidiary company, held on 22 March 2021, the shareholders had resolutions to increase the authorised share capital of TMDS from the amount of Baht 150 million (15 million ordinary shares at Baht 10 per share) to the amount of Baht 250 million (25 million ordinary shares at Baht 10 per share). The Bank paid for share subscription of Baht 100 million to TMDS in March 2021.

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12 Loans to customers and accrued interest receivables, net

12.1 Classified by loan type

	Consolidated and the Bank	
	30 June	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
Overdrafts	303,374	247,994
Loans	86,384,297	66,573,528
Notes	363,475	450,804
Hire-purchase receivables	1,726,113	1,626,039
Total loans to customers	88,777,259	68,898,365
Add accrued interest receivables and undue interest receivables	2,175,190	1,468,697
Total loans to customers and accrued interest receivables and undue interest receivables	90,952,449	70,367,062
Less allowance for expected credit loss	(4,475,709)	(3,544,376)
Loans to customers and accrued interest receivables, net	86,476,740	66,822,686

12.2 Classified by residency of debtors

	Consolidated and the Bank	
	30 June	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
<i>Thai Baht</i>		
Domestic	88,777,259	68,898,365
Total	88,777,259	68,898,365

12.3 Classified by loan classification

	Consolidated and the Bank	
	30 June	31 December
	2021	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)	81,978,540	64,492,941
Financial assets that are significant increase in credit risk (Under-performing)	6,282,254	3,862,259
Financial assets that are credit impaired (Non-performing)	2,691,655	2,011,862
Total	90,952,449	70,367,062

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12.4 Loans classified as credit-impaired

As at 30 June 2021 and 31 December 2020, the Group had loans to customers classified as credit impaired under TFRS 9 per the BoT's regulations as follows:

	Consolidated and the Bank	
	30 June 2021	31 December 2020
Net loans classified as credit-impaired (principal net of allowance for expected credit loss)		
Loans classified as credit-impaired after allowance for expected credit loss on loans classified as credit-impaired (<i>in thousand Baht</i>)	1,402,039	1,132,622
Total loans after allowance for expected credit loss on loans classified as credit-impaired (<i>in thousand Baht</i>)	87,723,753	68,151,170
Percentage of net loans classified as credit-impaired (%)	1.60	1.66
Loans classified as credit-impaired (principal)		
Loans classified as credit-impaired (<i>in thousand Baht</i>)	2,455,545	1,879,817
Total loans (<i>in thousand Baht</i>)	88,777,259	68,898,365
Percentage of loans classified as credit-impaired (%)	2.77	2.73

During the six-month period ended 30 June 2021, the Group did not sell parts of its loans to customers classified as credit-impaired (*31 December 2020: the Group sold parts of its loans to customers classified as credit-impaired which their net carrying amount was Baht 76.17 million*) to third parties.

12.5 Modified loans to customers

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
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 ECL	155,366	100,913

During the six-month period ended 30 June 2021 and 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 4. The Group has no modification gain or loss on these groups of customers.

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12.6 Hire-purchase receivables

	Consolidated and the Bank						Total
	30 June 2021						
	Portion due within 1 year	Portion due over 1 year but within 2 years	Portion due over 2 years but within 3 years	Portion due over 3 years but within 4 years	Portion due over 4 years but within 5 years	Portion due over 5 years	
	<i>(in thousand Baht)</i>						
Hire-purchase receivables	646,422	499,367	318,655	145,019	67,195	49,455	1,726,113
Less unearned interest income	-	-	-	-	-	-	-
Present value of minimum lease payments receivables	646,422	499,367	318,655	145,019	67,195	49,455	1,726,113
Less allowance for expected credit loss							(46,665)
Hire-purchase receivables, net							1,679,448

	Consolidated and the Bank						Total
	31 December 2020						
	Portion due within 1 year	Portion due over 1 year but within 2 years	Portion due over 2 years but within 3 years	Portion due over 3 years but within 4 years	Portion due over 4 years but within 5 years	Portion due over 5 years	
	<i>(in thousand Baht)</i>						
Hire-purchase receivables	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	532,142	410,511	278,899	198,890	106,729	98,868	1,626,039
Less allowance for expected credit loss							(40,275)
Hire-purchase receivables, net							1,585,764

13 Allowance for expected credit loss

Allowance for expected credit loss as at 30 June 2021 and 31 December 2020 was as follows:

	Consolidated and the Bank			Total
	30 June 2021			
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk	Financial assets that are credit-impaired	
	<i>(in thousand Baht)</i>			
Investments in debt instruments	23	-	40,470	40,493
Loans to customers and accrued interest receivables	1,781,348	1,640,855	1,053,506	4,475,709
Other financial assets	57	480	4,935	5,472
Undrawn loan commitments and financial guarantee contracts	-	-	19,178	19,178
Total	1,781,428	1,641,335	1,118,089	4,540,852

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	Consolidated and the Bank			Total
	31 December 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
Undrawn loan commitments and financial guarantee contracts	-	-	19,178	19,178
Total	1,670,233	1,127,488	810,921	3,608,642

The movements in allowance for expected credit loss of financial assets during the six-month period ended 30 June 2021 and the year ended 31 December 2020 were as follows:

	Consolidated and the Bank			Total
	2021			
<i>For the six-month period ended 30 June</i>	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	35	-	40,470	40,505
Purchased or acquired	16	-	-	16
Derecognised	(28)	-	-	(28)
At 30 June	23	-	40,470	40,493
<i>Loans to customers and accrued interest receivables</i>				
At 1 January	1,670,153	1,127,028	747,195	3,544,376
Change from stage reclassification	26,670	(320,580)	293,910	-
Change from remeasurement of ECL	(559,261)	824,990	366,384	632,113
Purchased or acquired	687,155	111,038	6,915	805,108
Derecognised	(43,369)	(101,621)	(360,898)	(505,888)
At 30 June	1,781,348	1,640,855	1,053,506	4,475,709
<i>Other financial assets</i>				
At 1 January	44	461	4,078	4,583
Change from stage reclassification	51	(110)	59	-
Change from remeasurement of ECL	(43)	85	827	869
Purchased or acquired	6	80	4	90
Derecognised	(1)	(36)	(33)	(70)
At 30 June	57	480	4,935	5,472

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<i>For the six-month period ended 30 June</i>	Consolidated and the Bank			Total
	Financial assets that are not significant increase in credit risk	Financial assets that are significant increase in credit risk <i>(in thousand Baht)</i>	Financial assets that are credit-impaired	
<i>Undrawn loan commitments and financial guarantee contracts</i>				
At 1 January	-	-	19,178	19,178
At 30 June	-	-	19,178	19,178
<i>For the year ended 31 December</i>				
<i>Investments in debt instruments</i>				
At 1 January	1,070	-	-	1,070
Change from stage reclassification	(16)	-	16	-
Change from remeasurement of ECL	(1,019)	-	40,454	39,435
At 31 December	35	-	40,470	40,505
<i>Loans to customers and accrued interest receivables</i>				
At 1 January	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
Derecognised	-	-	(840,976)	(840,976)
At 31 December	1,670,154	1,127,027	747,195	3,544,376
<i>Other financial assets</i>				
At 1 January	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
Derecognised	-	-	(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	118	-	-	118
Purchased or acquired	-	-	19,178	19,178
Derecognised	(118)	-	-	(118)
At 31 December	-	-	19,178	19,178

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14 Properties for sale, net

During the six-month period ended 30 June 2021 and the year ended 31 December 2020, changes to the properties for sale, net were as follows:

	At 1 January 2021	Consolidated and the Bank		At 30 June 2021
		Additions <i>(in thousand Baht)</i>	Disposals	
Assets from settlement of debts				
- Immovable assets	157,986	4,227	(3,456)	158,757
- Movable asset	-	1,270	(1,270)	-
Total	157,986	5,497	(4,726)	158,757
Less allowance for impairment losses	(1,490)	-	1,490	-
Net	156,496	5,497	(3,236)	158,757

	At 1 January 2020	Consolidated and the Bank		At 31 December 2020
		Additions <i>(in thousand Baht)</i>	Disposals	
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
Less allowance for impairment losses	(180)	(1,310)	-	(1,490)
Net	158,337	41,867	(43,708)	156,496

As at 30 June 2021 and 31 December 2020, the value of all immovable assets from debt repayment was appraised by external and internal appraisers as follows:

	Consolidated and the Bank	
	30 June 2021	31 December 2020
Assets from settlement of debts		
Immovable assets		
- Appraised by external appraisers	158,757	128,575
- Appraised by internal appraisers	-	29,411
Total	158,757	157,986

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15 Premises and equipment, net

During the six-month period ended 30 June 2021 and the year ended 31 December 2020, changes in premises and equipment were as follows:

	Premises	Leasehold improvement	Furniture and equipment	Consolidated Computers and accessories (in thousand Baht)	Right-of-use assets	Others	Total
Cost							
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 and 1 January 2021	66,090	314,045	220,757	221,367	936,450	326	1,759,035
Additions	-	15,298	16,807	14,148	105,262	2,120	153,635
Disposals	-	(2,048)	(144)	-	-	-	(2,192)
Write-off	-	(5,148)	(1,405)	-	(5,426)	-	(11,979)
At 30 June 2021	66,090	322,147	236,015	235,515	1,036,286	2,446	1,898,499
Accumulated depreciation							
At 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 and 1 January 2021	(9,788)	(177,015)	(163,173)	(156,893)	(125,685)	(1)	(632,555)
Depreciation charge for the period	(1,310)	(23,351)	(12,744)	(11,806)	(56,070)	-	(105,281)
Disposals	-	2,048	96	-	-	-	2,144
Write-off	-	3,257	1,399	-	3,002	-	7,658
At 30 June 2021	(11,098)	(195,061)	(174,422)	(168,699)	(178,753)	(1)	(728,034)
Net book value							
At 1 January 2020	58,950	183,122	66,591	57,167	707,648	293	1,073,771
At 31 December 2020 and 1 January 2021	56,302	137,030	57,584	64,474	810,765	325	1,126,480
At 30 June 2021	54,992	127,086	61,593	66,816	857,533	2,445	1,170,465

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	The Bank						Total
	Premises	Leasehold improvement	Furniture and equipment	Computers and accessories	Right-of-use assets	Others	
	<i>(in thousand Baht)</i>						
Cost							
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 and 1 January 2021	66,090	314,045	220,675	220,992	936,450	326	1,758,578
Additions	-	15,298	16,807	13,884	105,262	2,120	153,371
Disposals	-	(2,048)	(144)	-	-	-	(2,192)
Write-off	-	(5,148)	(1,405)	-	(5,426)	-	(11,979)
At 30 June 2021	66,090	322,147	235,933	234,876	1,036,286	2,446	1,897,778
Accumulated depreciation							
At 1 January 2020	(7,140)	(116,750)	(148,187)	(137,958)	-	(1)	(410,036)
Depreciation charge for the year	(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 and 1 January 2021	(9,788)	(177,015)	(163,153)	(156,813)	(125,685)	(1)	(632,455)
Depreciation charge for the period	(1,310)	(23,351)	(12,736)	(11,759)	(56,070)	-	(105,226)
Disposals	-	2,048	96	-	-	-	2,144
Write-off	-	3,257	1,399	-	3,002	-	7,658
At 30 June 2021	(11,098)	(195,061)	(174,394)	(168,572)	(178,753)	(1)	(727,879)
Net book value							
At 1 January 2020	58,950	183,122	66,537	56,939	707,648	293	1,073,489
At 31 December 2020 and 1 January 2021	56,302	137,030	57,522	64,179	810,765	325	1,126,123
At 30 June 2021	54,992	127,086	61,539	66,304	857,533	2,445	1,169,899

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16 Intangible assets, net

During the six-month period ended 30 June 2021 and the year ended 31 December 2020, 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 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 and 1 January 2021	266,661	32,621	17,129	316,411
Additions	2,004	-	10,497	12,501
Transfers in (out)	6,032	-	(6,032)	-
At 30 June 2021	274,697	32,621	21,594	328,912
<i>Accumulated amortisation</i>				
At 1 January 2020	(130,197)	-	-	(130,197)
Amortisation for the year	(24,195)	-	-	(24,195)
Write-off	17	-	-	17
At 31 December 2020 and 1 January 2021	(154,375)	-	-	(154,375)
Amortisation for the period	(13,495)	-	-	(13,495)
At 30 June 2021	(167,870)	-	-	(167,870)
<i>Net book value</i>				
At 1 January 2020	81,071	32,621	48,238	161,930
At 31 December 2020 and 1 January 2021	112,286	32,621	17,129	162,036
At 30 June 2021	106,827	32,621	21,594	161,042

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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 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 and 1 January 2021	256,094	32,621	15,050	303,765
Additions	1,894	-	6,544	8,438
At 30 June 2021	257,988	32,621	21,594	312,203
<i>Accumulated amortisation</i>				
At 1 January 2020	(130,190)	-	-	(130,190)
Amortisation for the year	(23,456)	-	-	(23,456)
Write-off	17	-	-	17
At 31 December 2020 and 1 January 2021	(153,629)	-	-	(153,629)
Amortisation for the period	(12,843)	-	-	(12,843)
At 30 June 2021	(166,472)	-	-	(166,472)
<i>Net book value</i>				
At 1 January 2020	80,917	32,621	40,028	153,566
At 31 December 2020 and 1 January 2021	102,465	32,621	15,050	150,136
At 30 June 2021	91,516	32,621	21,594	145,731

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17 Deferred tax assets

Movements in deferred tax assets and liabilities during the six-month period ended 30 June 2021 and 2020 were as follows:

	At 1 January 2021	Consolidated (Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other comprehensive income	
		(note 41) (in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	7,313	(2)	497	7,808
Loans to customers and accrued interest receivables	215,585	69,434	-	285,019
Properties for sale	298	(298)	-	-
Provisions	28,780	4,777	-	33,557
Lease liabilities	788	793	-	1,581
Reserve for share-based payment	6,982	-	-	6,982
Total	259,746	74,704	497	334,947

	At 1 January 2021	The Bank (Charged) / Credited to:		At 30 June 2021
		Profit or loss	Other comprehensive income	
		(note 41) (in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	7,313	(2)	497	7,808
Loans to customers and accrued interest receivables	215,585	69,434	-	285,019
Properties for sale	298	(298)	-	-
Provisions	28,692	4,729	-	33,421
Lease liabilities	788	793	-	1,581
Reserve for share-based payment	6,982	-	-	6,982
Total	259,658	74,656	497	334,811

	At 1 January 2020	Consolidated and the Bank Credited / (Charged) to:		At 30 June 2020
		Profit or loss	Other comprehensive income	
		(note 41) (in thousand Baht)		
<i>Deferred tax assets</i>				
Loans to customers and accrued interest receivables	116,921	59,312	-	176,233
Properties for sale	36	-	-	36
Provisions	25,148	3,568	-	28,716
Lease liabilities	-	154,250	-	154,250
Reserve for share-based payment	6,982	-	-	6,982
Others	-	-	-	-
Total	149,087	217,130	-	366,217

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	At 1 January 2020	Consolidated and the Bank Credited / (Charged) to:		At 30 June 2020
		Profit or loss <i>(note 41)</i> <i>(in thousand Baht)</i>	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Premises and equipment	(1,546)	(153,828)	-	(155,374)
Others	(370)	-	(128)	(498)
Total	(1,916)	(153,828)	(128)	(155,872)
Net	147,171	63,302	(128)	210,345

18 Other assets, net

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Accrued fee income	72,085	94,825	74,014	95,840
Accrued interest income	1,928	3,659	1,928	3,659
Prepaid expenses	227,318	197,462	227,049	197,454
Supplies	7,686	6,054	7,686	6,054
Deposits and guarantee	58,951	55,736	58,951	55,736
Receivables - the Revenue Department	604	1,696	-	-
Receivables - counter service	50,570	68,941	50,570	68,941
Other receivables, net	58,745	46,046	59,639	46,555
Advance to customers	46,059	41,122	46,059	41,122
Suspense debtors	124,758	14,639	132,191	20,431
Others	32,628	14,763	32,119	14,296
Total	681,332	544,943	690,206	550,088

19 Deposits

19.1 Classified by type of deposits

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Current	180,379	73,725	352,378	180,495
Savings	25,723,284	17,432,069	25,756,721	17,441,705
Term	53,632,772	47,004,268	53,632,772	47,004,268
Total	79,536,435	64,510,062	79,741,871	64,626,468

19.2 Classified by currency and residency of depositors

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
	Domestic		Domestic	
Thai Baht	79,536,435	64,510,062	79,741,871	64,626,468
Total	79,536,435	64,510,062	79,741,871	64,626,468

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20 Interbank and money market items (liabilities)

	Consolidated and the Bank	
	30 June	31 December
	2021	2020
	<i>(in thousand Baht)</i>	
Domestic		
Commercial banks	1,838,364	1,329,058
Specialised financial institutions	3,374,475	3,729,788
Other financial institutions	725,949	616,768
Total domestic	<u>5,938,788</u>	<u>5,675,614</u>

21 Debt issued and borrowings

As at 30 June 2021, debt issued and borrowings, which were issued in domestic and denominated entirely in Thai Baht, consist of the following:

	Consolidated and the Bank		
	30 June 2021		
	Maturity	Interest rate	Amount
		(%)	<i>(in thousand Baht)</i>
Perpetual subordinated debentures ⁽¹⁾	2026 ⁽²⁾	5.00	860,501
Total			<u>860,501</u>

⁽¹⁾ Counted as a part of Additional Tier 1 Capital, which is determined under the conditions as specified in the BoT's notification (note 7)

⁽²⁾ The year in which call option exercise period starts

On 27 May 2021, the Bank issued the perpetual subordinated debentures to be counted as Additional Tier 1 Capital under Basel III requirement, amounting to Baht 1,150 million, which has no expired date and carrying a fixed interest rate of 5.00% per annum, payable semi-annually in November and May of every year. The debentures were offered to private placement (institutional investors, high net-worth investors and related parties to the Group). The Bank can early redeem the perpetual subordinated debentures after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before proceeding an early redemption.

22 Provisions

	Consolidated		The Bank	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Provision for post-employment benefits	159,418	136,462	158,737	136,021
Provision for decommissioning cost of leasehold improvement	14,211	13,396	14,211	13,396
Allowance for expected credit loss of undrawn loan commitments and financial guarantee contracts	19,178	19,178	19,178	19,178
Total	<u>192,807</u>	<u>169,036</u>	<u>192,126</u>	<u>168,595</u>

As at 30 June 2021, the Group exposed to credit risk in respect of undrawn loan commitments and financial guarantee contracts as total amount of Baht 41.78 million (31 December 2020: Baht 41.78 million)

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

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Demographic assumptions	-	(8,466)
Financial assumptions	-	3,057
Experience adjustment	-	(330)
Total	-	(5,739)

Actuarial assumptions

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

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(% per annum)</i>	
Discount rate	1.16	1.16
Future salary growth	5.00	5.00

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

At 30 June 2021, the weighted-average duration of the defined benefit obligation was 7.26 years (31 December 2020: 7.76 years).

Sensitivity analysis

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

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 30 June 2021				
Discount rate (1% movement)	(12,490)	14,066	(12,333)	13,875
Future salary growth (1% movement)	14,046	(12,762)	13,952	(12,601)
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)

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23 Other liabilities

	Note	Consolidated		The Bank	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
<i>(in thousand Baht)</i>					
Lease liabilities	34	861,231	814,231	861,231	814,231
Value added tax payable		4,193	3,953	4,121	3,882
Accrued interest expenses		214,665	201,113	214,665	201,113
Other payables		111,738	39,976	97,646	35,520
Accrued expenses		546,077	572,417	543,642	569,964
Withholding tax payable		20,581	22,471	20,389	22,299
Accrued specific business tax		21,282	20,454	21,282	20,454
Accrued corporate income tax		277,916	210,734	277,916	210,734
Others		5,654	34,564	4,942	30,581
Total		2,063,337	1,919,913	2,045,834	1,908,778

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 30 June 2021, the Group had advance received from e-money as total amount of Baht 20.55 million (31 December 2020: Baht 7.96 million) and there was no outstanding from EFT (31 December 2020: Nil).

25 Offsetting of financial assets and financial liabilities

	Consolidated and the Bank					Net amount
	30 June 2021					
	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		
				Offsetting amount which is not met the accounting standard’s conditions	Relevant financial collateral amount	
Financial assets						
Reverse repurchase agreements	4,800,000	-	4,800,000	-	4,840,439	-
Total	4,800,000	-	4,800,000	-	4,840,439	-

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Consolidated and the Bank						
31 December 2020						
	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		Net amount
				Offsetting amount which is not met the accounting standard's conditions	Relevant financial collateral amount	
Financial assets						
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					
30 June 2021					
Financial instrument type	Net amount presented in statement of financial position <i>(in thousand Baht)</i>	Caption in statement of financial position	Notes	Carrying amount presented in statement of financial position <i>(in thousand Baht)</i>	Carrying amount in statement of financial position not under the offsetting conditions
Financial assets					
Reverse repurchase agreements	4,800,000	Interbank and money market (assets)	9	6,314,542	1,514,542
Total	4,800,000			6,314,542	1,514,542

Consolidated and the Bank					
31 December 2020					
Financial instrument type	Net amount presented in statement of financial position <i>(in thousand Baht)</i>	Caption in statement of financial position	Notes	Carrying amount presented in statement of financial position <i>(in thousand Baht)</i>	Carrying amount in statement of financial position not under the offsetting conditions
Financial assets					
Reverse repurchase agreements	6,000,000	Interbank and money market (assets)	9	7,521,365	1,521,365
Total	6,000,000			7,521,365	1,521,365

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26 Share capital

	Par value per share (in Baht)	30 June 2021 Number Baht (in thousand shares / in thousand Baht)		31 December 2020 Number Baht	
<i>Authorised shares</i>					
At beginning of the period / year					
- ordinary shares	10	515,625	5,156,250	515,625	5,156,250
Increase in authorised share	10	<u>74,750</u>	<u>747,500</u>	<u>-</u>	<u>-</u>
At ending of the period / year					
- ordinary shares	10	<u>590,375</u>	<u>5,903,750</u>	<u>516,625</u>	<u>5,156,250</u>

Increase in authorised shares

On 11 January 2021, at the Bank's Extraordinary General Meeting of shareholders No.1/2021 approved the increase in the registered capital in 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).

27 Warrants

The Bank's warrants are as follows:

Type of warrant	Exercise price (Baht / warrant)	Exercise ratio	Number of warrants outstanding as at 1 January 2021	Number of warrants issued and allocated during the period (in thousand warrant)	Number of warrants exercised during the period	Number of warrants outstanding as at 30 June 2021
Warrants issued and offered to investors of perpetual subordinated debenture	15.24	1 unit to 1 ordinary share	-	74,750	-	74,750

On 11 January 2021, at the Extraordinary General Meeting of shareholders No.1/2021 approved the warrants issuance in the amount of 74.75 million warrants to the perpetual subordinated debenture holders as mentioned in note 21 without any consideration.

On 27 May 2021, the Bank allocated the Bank's warrants. The warrants are exercisable within 10 years from the issued date at an exercise ratio of 1 warrant to 1 new ordinary share at the exercise price of Baht 15.24 per share. The warrant can be exercised twice a year on 27 May and 27 November of each year, starting on 27 November 2021 and with a final exercise date on 27 May 2031.

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28 Share-based payments

Stock options

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

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

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

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

	Weighted average exercise price <i>(Baht / warrant)</i>	Number of warrants <i>(in thousand warrants)</i>
At 1 January 2020	10	15,625
At 31 December 2020 and 1 January 2021	10	15,625
At 30 June 2021	10	15,625

As at 30 June 2021 and 31 December 2020, share options and warrants outstanding and its expired date and exercise prices were as follow:

	Exercise price <i>(Baht / warrant)</i>	30 June 2021 <i>(in thousand warrants)</i>	31 December 2020
Expired date:			
31 March 2022	10	15,625	15,625

As at 30 June 2021, the remaining contractual life of the total 15.625 million warrants (*31 December 2020: 15.625 million warrants*) was 0.75 years (*31 December 2020: 1.25 years*).

For the six-month period ended 30 June 2021 and 2020, the Group had no stock option expense recognised.

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29 Reserve

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Reserve for share-based payments

Reserve for share-based payments within shareholders’ equity comprises the fair value of services received from equity-settled share-based payment transactions.

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.

30 Assets pledged as collateral and under restriction

As at 30 June 2021 and 31 December 2020, the Group had investments in securities under obligations and restrictions were as follows:

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Investments in securities		
- Pledged as collateral for liquidity management ⁽¹⁾	1,753,606 ⁽²⁾	2,052,530 ⁽²⁾
- Pledged as other collaterals	51	51
Total	<u>1,753,657</u>	<u>2,052,581</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 30 June 2021, the Group’s minimum requirement to maintain the Securities Requirement for Settlement (SRS) and maintain the Intraday Liquidity Facility was Baht 630.15 million (31 December 2020: Baht 588.30 million.).

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31 Contingent liabilities

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Other contingencies				
- Amount of unused bank overdrafts	198,256	216,797	198,256	216,797
- Other guarantees	160,015	151,758	160,015	151,758
- Others				
Capital commitments	13,116	17,013	13,116	13,116
Other agreements	218,627	253,270	204,610	234,261
Total	590,014	638,838	575,997	615,932

32 Related parties

Relationships with subsidiary are described in note 11. 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.
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
T.C. Insurance Broker Co., Ltd.	Thailand	Entity in the same group company
Hotel and Resort 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

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Name of entity	Country of incorporation/ nationality	Nature of relationship
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
TAP Trading Co., Ltd.	Thailand	Entity in which key management personnel or their close family members are major shareholders

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

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

Significant related parties' transactions for the six-month period ended 30 June 2021 and 2020 with related parties were as follows:

<i>For the six-month periods ended 30 June</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
<i>Interest expenses</i>				
Parent company	7,777	7	7,777	7
Subsidiary	-	-	115	144
Major shareholders	1,407	745	1,407	745
Other related parties	2,348	977	2,348	977
Key management personnel of the Bank	387	516	387	516
<i>Fees and service income</i>				
Subsidiary	-	-	4,289	885
Major shareholders	56,543	164,640	56,543	164,640
Other related parties	108,919	27,112	108,919	27,112
<i>Other operating income</i>				
Parent company	83	83	83	83
Subsidiary	-	-	3,250	3,250
<i>Other operating expenses</i>				
Ultimate parent company	636	-	636	-
Subsidiary	-	-	6,293	-
Major shareholders	3,923	3,635	3,923	3,635
Other related parties	15,801	15,513	15,801	15,513

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Balances as at 30 June 2021 and 31 December 2020 with related parties were as follows:

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
<i>Other assets</i>				
Subsidiary	-	-	16,879	11,351
Major shareholders	12,690	11,969	12,690	11,969
Other related parties	25,955	23,066	25,955	23,066
<i>Deposits</i>				
Parent company	4,135	4,497	4,135	4,497
Subsidiary	-	-	205,435	116,406
Major shareholders	337,394	315,619	337,394	315,619
Other related parties	417,275	296,724	417,275	296,724
Key management personnel of the Bank	124,422	96,005	124,422	96,005
<i>Debt issued and borrowings</i>				
Parent company	748,262	-	748,262	-
Major shareholders	112,239	-	112,239	-
<i>Other liabilities</i>				
Parent company	4,795	-	4,795	-
Subsidiary	-	-	16,542	9,902
Major shareholders	726	18	726	18
Other related parties	570	910	570	910
Key management personnel of the Bank	385	455	385	455

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.

33 Other benefits to directors and persons with managing authority

For the six-month periods ended 30 June 2021 and 2020, benefits to key management personnel were as follows:

<i>For the six-month periods ended 30 June</i>	Consolidated and the Bank	
	2021	2020
	<i>(in thousand Baht)</i>	
Short-term benefits	147,903	95,520
Post-employment benefits	4,646	5,309
Total	152,549	100,829

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34 Leases

34.1 Leases as lessee

As at 30 June 2021, 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 0.83 - 19 years (31 December 2020: 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 and 1 January 2021	791,309	19,456	810,765
Addition	96,111	9,151	105,262
Depreciation charge for the period	(49,680)	(6,390)	(56,070)
Write-off	-	(2,424)	(2,424)
At 30 June 2021	837,740	19,793	857,533

Lease liabilities

Maturity analysis of undiscounted lease liabilities as at 30 June 2021 and 31 December 2020 is disclosed as follows:

	Consolidated and the Bank	
	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>	
Less than 1 year	160,262	154,089
Over 1 year to 5 years	448,440	429,331
Over 5 years	339,557	307,342
Total undiscounted lease liabilities	948,259	890,762
Lease liabilities included in the statement of financial position	861,231	814,231

Amount recognised in profit or loss

<i>For the six-month periods ended 30 June</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Income from subleasing	83	83	333	333
Depreciation for right-of-use assets				
- Building and office spaces	(67,121)	(66,058)	(67,121)	(66,058)
- Vehicles	(6,390)	(6,842)	(6,390)	(6,842)
Interest expense on lease liabilities	(9,894)	(9,858)	(9,894)	(9,858)
Expenses relating to short-term leases	(288)	(44)	(288)	(44)

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34.2 Leases as lessor

Operating leases

The Bank has agreements for office rentals to the parent and its subsidiary as disclosed in note 32.

The following table sets out a maturity analysis of lease payments, showing undiscounted lease payments to be received as at 30 June 2021 and 31 December 2020.

	Consolidated		The Bank	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	<i>(in thousand Baht)</i>			
Portion due within 1 year	83	166	333	665
Total	83	166	333	665

Finance leases

Leases which are classified in finance leases are hire-purchase contracts as presented in note 12.6.

35 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.

36 Interest income

<i>For the six-month periods ended 30 June</i>	Consolidated and the Bank	
	2021	2020
	<i>(in thousand Baht)</i>	
Interbank and money market items	19,517	21,648
Investments in debt instruments	7,181	10,677
Loans to customers	4,491,578	3,329,015
Hire-purchase	69,063	71,420
Total	4,587,339	3,432,760

37 Interest expenses

<i>For the six-month periods ended 30 June</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Deposits	506,722	480,828	506,838	480,972
Interbank and money market items	3,832	2,964	3,832	2,964
Contribution to Deposit Protection Agency and BoT	89,184	64,299	89,184	64,299
Debt issued and borrowings - subordinated debenture	7,053	-	7,053	-
Total	606,791	548,091	606,907	548,235

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38 Net fees and service income

<i>For the six-month periods ended 30 June</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Fees and service income				
- Acceptances, aval and guarantees	582	769	582	769
- Management fee	8,697	21,082	8,697	21,082
- Brokerage fee	250,677	183,939	250,677	183,939
- Others	19,792	7,485	23,523	8,364
Total	279,748	213,275	283,479	214,154
Fees and service expenses				
- Fee and service expenses on ATM	(8,948)	(5,314)	(8,489)	(5,314)
- Loan guarantee commission expenses	(180,915)	(139,553)	(180,915)	(139,553)
- Legal fee	(3,087)	(12,298)	(3,087)	(12,298)
- Collection and recovery expenses	(39,687)	(16,177)	(39,687)	(16,177)
- Others	(13,764)	(13,638)	(19,985)	(13,635)
Total	(246,401)	(186,980)	(252,163)	(186,977)
Net	33,347	26,295	31,316	27,177

39 Gains on investments, net

<i>For the six-month periods ended 30 June</i>	Consolidated and the Bank	
	2021	2020
	<i>(in thousand Baht)</i>	
Gains on derecognition		
- Investments in debt instruments measured at FVOCI	-	7
Total	-	7

40 Expected credit loss

<i>For the six-month periods ended 30 June</i>	Consolidated and the Bank	
	2021	2020
	<i>(in thousand Baht)</i>	
(Reversal of) expected credit loss		
Investments in debt instruments measured at FVOCI	(12)	39,756
Loans to customers and accrued interest receivables	1,290,081	550,890
Other financial assets	900	-
Undrawn loan commitments and financial guarantee contracts	-	(118)
Others	424	-
Total	1,291,393	590,528

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41 Income tax expense

Income tax recognised in profit or loss

<i>For the six-month periods ended 30 June</i>	<i>Note</i>	Consolidated		The Bank	
		2021	2020	2021	2020
		<i>(in thousand Baht)</i>			
Current tax					
Current period		277,916	96,326	277,916	96,326
Under (over) provided in prior periods		1,219	(287)	1,219	(287)
		<u>279,135</u>	<u>96,039</u>	<u>279,135</u>	<u>96,039</u>
Deferred tax					
Movements in temporary differences	17	(74,704)	(63,302)	(74,656)	(63,302)
Total		<u>204,431</u>	<u>32,737</u>	<u>204,479</u>	<u>32,737</u>

Income tax recognised in other comprehensive income

<i>For six-month periods ended 30 June</i>	Consolidated and the Bank					
	Before tax	2021 Tax benefit	Net of tax	Before tax	2020 Tax benefit	Net of tax
	<i>(in thousand Baht)</i>					
Financial assets measured at FVOCI	(2,485)	497	(1,988)	638	(128)	510
Total	<u>(2,485)</u>	<u>497</u>	<u>(1,988)</u>	<u>638</u>	<u>(128)</u>	<u>510</u>

Reconciliation of effective tax rate

<i>For the six-month periods ended 30 June</i>	Consolidated			
	2021 Rate (%)	2021 (in thousand Baht)	2020 Rate (%)	2020 (in thousand Baht)
Profit before income tax		1,000,406		793,324
Income tax using the Thai corporation tax rate	20.00	200,081	20.00	158,665
Tax effect of income or expenses that are not taxable income or expenses		3,131		(125,641)
Under (over) provided in prior periods		1,219		(287)
Total	<u>20.43</u>	<u>204,431</u>	<u>4.11</u>	<u>32,737</u>

<i>For the six-month periods 30 June</i>	The Bank			
	2021 Rate (%)	2021 (in thousand Baht)	2020 Rate (%)	2020 (in thousand Baht)
Profit before income tax		1,016,157		804,446
Income tax using the Thai corporation tax rate	20.00	203,231	20.00	160,889
Tax effect of income or expenses that are not taxable income or expenses		29		(127,865)
Under (over) under provided in prior periods		1,219		(287)
Total	<u>20.12</u>	<u>204,479</u>	<u>4.08</u>	<u>32,737</u>

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42 Earnings per share

<i>For the six-month periods ended 30 June</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in thousand Baht)</i>			
Profit attributable to ordinary shareholders of the Bank (basic and diluted)	<u>795,975</u>	<u>760,587</u>	<u>811,678</u>	<u>771,709</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding (basic) at 30 June	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Effect of exercise of share options	15,625	15,625	15,625	15,625
Effect of warrants issuance	14,454	-	14,454	-
Number of ordinary shares outstanding (diluted) at 30 June	<u>530,079</u>	<u>515,625</u>	<u>530,079</u>	<u>515,625</u>
Earnings per share (basic) (in Baht)	<u>1.59</u>	<u>1.52</u>	<u>1.62</u>	<u>1.54</u>
Earnings per share (diluted) (in Baht)	<u>1.50</u>	<u>1.48</u>	<u>1.53</u>	<u>1.50</u>