

Attachment 5

Report of the Executive Board

Appointed by the Board of Directors on April 23, 2019, the Executive Board of TISCO Financial Group Public Company Limited comprised four executive directors:

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|---------------------------------|--|
| 1. Mr. Suthas Ruangmanamongkol | Chairman (<i>April 23 to December 31, 2019</i>)
Member (<i>January 1 to April 23, 2019</i>) |
| 2. Mr. Chi-Hao Sun (Howard Sun) | Member |
| 3. Mr. Satoshi Yoshitake | Member (<i>April 23 to December 31, 2019</i>) |
| 4. Mr. Sakchai Peechapat | Member (<i>April 23 to December 31, 2019</i>) |

During the Year 2019, Ms. Oranuch Apisaksirikul was the Chairperson of the Executive Board during the period from January 1 to April 22, 2019.

The Executive Board convened twelve meetings throughout the Year 2019 on various matters in accordance with the duties and responsibilities mandated by the Charter of the Executive Board. All meeting results were reported to the Board of Directors, which in summary include:

1. Determined and proposed TISCO Group business strategy to the Board of Directors for approval,
2. Reviewed and proposed TISCO Group business plan and budget to the Board of Directors for approval,
3. Monitored Group business performance including key performance indicators and financial budgets,
4. Instituted, reviewed, and approved TISCO Group's policies on important operational and control areas, and proposed for the Board of Directors' ratification where applicable,
5. Acknowledged TISCO Group's risk profiles and the activities of the Risk Management Committee including the operational risk, IT risk and Compliance,
6. Reviewed and ratified the activities of the Credit Committee and the Problem Loan Committee,
7. Approved major credit decisions and revision of credit policies and guidelines,
8. Conducted the assessment of the adequacy of the internal control system and proposed for the Audit Committee's review and to the Board of Directors for approval,
9. Reviewed and approved major business decisions involving high risk,
10. Approved new line of business and capital change of subsidiary companies,
11. Approved the principles of Management Overlays in compliance with TFRS 9 — Financial Instruments,
12. Acted on behalf of TISCO Financial Group Public Company Limited as the major shareholder in the appointment of Board of Directors of all subsidiary companies, except TISCO Bank Public Company Limited, TISCO Securities Company Limited and TISCO Asset Management Company Limited,
13. Reported to the Board of Directors an annual assessment of the Executive Board performance,
14. Reviewed the Executive Board Charter and proposed to the Board of Directors for approval,
15. Reported the activities of the Executive Board to the Board of Directors for ratification,

The Executive Board performed self-assessment by comparing the Executive Board's activities to the Charter of the Executive Board and leading practices, and opined that the Executive Board has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

- Suthas Ruangmanamongkol -
(Mr. Suthas Ruangmanamongkol)
Chairman of the Executive Board
January 22, 2020

Attachment 6

Report of the Risk Oversight Committee

During the Year 2019, the Risk Oversight Committee of TISCO Financial Group Public Company Limited was appointed by Board of Directors on April 23, 2019 comprising of four members as follows;

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| 1. Prof. Dr. Teerana Bhongmakapat | Chairperson |
| 2. Dr. Charatpong Chotigavanich | Member |
| 3. Mr. Sakchai Peechapat | Member |
| 4. Mr. Chatri Chandrangam | Member |

All above directors are members of the Risk Oversight Committee throughout the Year 2019.

In 2019, the Risk Oversight Committee convened five meetings on various matters in accordance with the duties and responsibilities mandated by the Charter of the Risk Oversight Committee. For the fourth meeting were the Joint Meeting of Risk Oversight Committee and Audit Committee. All meeting results were reported to the Board of Directors, in which the activities in each meeting are summarized as follows;

- The Committee reviewed the Charter of the Risk Oversight Committee and agreed to propose to the Board for approval, considered the proposed Head of Risk Management functions and further recommended to the Board for approval. In addition, the Committee reviewed TISCO Risk Management framework, overall risk management system, TISCO Risk Management Policy, TISCO risk exposures as of April 2019 as well as KRI monitoring and key activities by risk types.

For compliance activities, the Committee also acknowledged TISCO Bank's Market Conduct Annual Statement (MCAS) report of the year 2018.

- The Committee reviewed and considered the Data Governance Policy and the Information Security Policy as sufficient to propose to the Board for approval.

For the compliance activities, the Committee reviewed the Compliance Supervision Improvement Plan and further recommended to the Board for approval, while also reviewed the compliance report during May to June 2019.

In addition, the Committee reviewed TISCO risk exposures as of June 2019 as well as KRI monitoring and key activities by risk types, the Risk Management Guidelines, the Risk Management models including credit risk models and capital adequacy.

- The Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, as well as the compliance report during July to August 2019.

The Committee reviewed liquidity risk management framework, Operational Risk Management Guideline, Business Continuity Management Policy and framework, and other related guidelines and procedures, the progress of personal data protection project, and acknowledged the BOT's audit report of market conduct of TISCO Bank.

In addition, the Committee acknowledged the BOT's survey report of behavior and culture of TISCO Bank, and considered the report as significant information for Board's consideration to improve behavior and culture of TISCO Bank and the financial group.

- The Risk Oversight Committee and Audit Committee exchanged views regarding the assessment on sufficiency and effectiveness of TISCO risk management including risk management policy and strategy based on the integrated assessment framework. In addition, the Committees reviewed policies and reports required for the Board's consideration.
- The Committee reviewed the sufficiency and effectiveness of TISCO risk management, including risk management policy and strategy for year 2019 as sufficient and deemed effective in all aspects. In addition, the Committees reviewed Provision and Loan Classification framework for TFRS9 adoption, Stress Testing Scenarios for year 2020, and TISCO risk exposures for all risk types, the compliance report, the operational risk management, and the IT Risk Committee activities

The Risk Oversight Committee performed self-assessment by comparing the Risk Oversight Committee's activities to the Charter of the Risk Oversight Committee and leading practices, and viewed that the Risk Oversight Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

- Teerana Bhongmakapat -
(Prof. Dr. Teerana Bhongmakapat)
Chairman of the Risk Oversight Committee
January 29, 2020

Attachment 7

Report of the Audit Committee

Appointed by the Board of Directors, the Audit Committee of TISCO Financial Group Public Company Limited (TISCO) comprises the following independent directors:

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| 1. Assoc. Prof. Dr. Angkarat Priebjrivat | Chairperson |
| 2. Mr. Sathit Aungmanee | Member |
| 3. Dr. Kulputra Sirodom | Member (Term of service has been effective from April 23, 2019) |
| 4. Ms. Panada Kanokwat | Member (Term of service was fulfilled on April 22, 2019) |

The Audit Committee has performed duties and responsibilities according to the Charter of Audit Committee and as delegated by the Board of Directors. The Audit Committee has carried out duties independently and without restrictions as to access to information. The Audit Committee supports the Company's good corporate governance in accountability, transparency, fairness, integrity, and check & balance, which will serve the best interests of not only shareholders but also employees and other stakeholders.

The Audit Committee convened 14 meetings in Year 2019 with full attendance. Major activities performed during the year were as follows:

- **Financial Statements:** Reviewed quarterly and annual financial statements on the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before the dissemination. The Audit Committee agreed with the external auditor that the Company's financial statements and the disclosure of relevant information were adequate and fairly presented in accordance with generally accepted accounting principles.
- **Internal Control, Internal Audit, and Credit Review:** Reviewed and assessed internal control system and internal audit works and considered all issues raised by the external auditor, Internal Audit, and Credit Review, Assessed the independence of Internal Audit department and approved annual audit plan, strategy, key performance indicators, the Charter of Internal Audit, as well as, Credit Review plan. The Audit Committee opined that the Company's internal control system and internal audit function were adequate and effective.
- **Regulatory Compliance:** Reviewed and approved compliance policy and compliance charter, reviewed and assessed annual compliance plan and reports, the Company's compliance activities and status of legal cases and litigations. Acknowledged the results of external examinations by the Bank of Thailand and those of other regulators governing TISCO group, and assessed the Company's corrective actions. The Audit Committee opined that the Company properly followed all necessary rules and regulations as imposed by regulatory authorities, and stringently took corrective actions as recommended by the regulators.
- **External Auditor:** Reviewed and assessed the independence of the external auditor as well as the overall scope and the focus of the annual and interim audit. Selected and nominated the external auditor to the Board of Directors for further recommendation to the shareholders for approval. Considering the independence, professional proficiency in finance and banking industry, performance, and appropriateness of the audit fee, the Audit Committee proposed the appointment of Ms. Somjai Khunapasut of EY Office Limited as the Auditor of the Company and its subsidiaries for the Year 2019.
- **Transactions with Related Parties and Conflicts of Interests:** Reviewed and assessed related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations, including Joint Statement Policy which mutually released by the Bank of Thailand and the Securities and Exchange Commission on the business governance of the financial group that involves in fund management business. The Audit Committee agreed with the external auditor, Internal Audit, and Compliance that the transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewed and assessed the management's presentation on the effectiveness of risk management system, capital adequacy, IT risk management and operational risk management. Acknowledged reports on material operational loss events and assessed the causes of such events and the appropriateness of pre-emptive measures to prevent future recurrences. Furthermore, the Audit Committee had a joint meeting with the Risk Oversight Committee to acknowledge and exchange views on the framework for the assessment on sufficiency and effectiveness of TISCO risk management.

- **Audit Committee Self-Assessment:** Performed self-assessment by comparing the Audit Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices. The results revealed that the Audit Committee have carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee, relevant laws and regulations, and as delegated by the Board of Directors.
- **Others:** The Audit Committee was assigned by the Board of Directors to conduct verification of re-certification of Anti-Corruption Program with the Private Sector Collective Action (CAC) according to Thai Institute of Directors Checklist. In the year 2019, TISCO Financial Group and its subsidiaries are certified by CAC as anti-corruption companies.

- Angkarat Priebjrivat -
(Assoc. Prof. Dr. Angkarat Priebjrivat)
Chairperson of the Audit Committee
January 16, 2020

Attachment 8

Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on April 23, 2019, the Nomination and Compensation Committee of TISCO Financial Group Public Company Limited comprises four independent and non-executive directors and is chaired by an independent director as follows.

1. Prof. Dr. Pranee Tinakorn	Chairperson and Independent Director
2. Mr. Hon Kit Shing (Alexander H. Shing)	Member and Non-Executive Director
3. Mr. Sathit Aungmanee	Member and Independent Director
4. Dr. Kulpatra Sirodom	Member and Independent Director

The Nomination and Compensation Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating candidates for directorship from various sources, such as from proposal by the Company's shareholders, the director pools maintained by the Thai Institute of Directors Association (IOD) or other recruitment processes deemed appropriate by the Committee by taking into account the Board Skill Matrix which illustrates qualifications and diversified traits in terms of knowledge, competence, experience, and education. The Committee also nominates members of committees with functions, responsibilities and authorities directly given by the Board of Directors, Advisor(s) and Top Management in TISCO and its subsidiary companies and proposing them to the Board of Directors or the Shareholders Meeting for approval in order to preserve an effective and efficient board and management structure and to enhance the good corporate governance of TISCO Group.

In 2019, the Committee convened four meetings with full attendances. Major activities performed during the year in accordance with the responsibilities in the Charter, all of which were reported and ratified by the Board of Directors, were as follows:

1. Reviewing the Guidelines for Board Composition and Selection Criteria for TISCO Group and recommending to the Board of Directors for approval,
2. Reviewing the Board Skill Matrix and the profiles of the candidates for director position,
3. Recommending number of directors and nominating qualified candidates for director position of TISCO and TISCO Bank for the Board of Directors to recommend to the Annual General Meeting of Shareholders for approval,
4. Reviewing the Remuneration Policy for Directors and Management and recommending to the Board of Directors for approval,
5. Reviewing the directors' remuneration and ensuring the directors' remuneration to be commensurate with their responsibilities and performance and benchmarking with the industry, and recommending to the Board of Directors to further recommend to the Annual General Meeting of Shareholders for approval,
6. Recommending the appointment of Chairman and Vice Chairman of the Board of Directors and other committees namely Executive Board, Risk Oversight Committee, Audit Committee, Nomination and Compensation Committee, and Corporate Governance Committee including Advisor to the Board of Directors,
7. Adopting the Board Performance Self-Assessment Guidelines and Questionnaires for the Year 2019 which provided the board an opportunity to reflect on how well the board fulfilled its responsibilities and to identify opportunities for continuous improvement that will increase the board's overall performance and enhance the board's relationship with management,
8. Acknowledging and proposing the results of the Board Performance and Independence of Director Assessments to the Board of Directors for ratification and recommending improvements to be implemented to enhance board performance,
9. Considering the employment term, compensation and the contract of the Group Chief Executive, including considering and agreeing with the Business KPI of TISCO Group proposed by Management to be applied for the Group Chief Executive's performance assessment,
10. Evaluating and proposing the results of the Group Chief Executive's performance to the Board of Directors for approval,
11. Considering the appointment of new directors for replacement of TISCO and/or TISCO Bank and the amendment to the authorized signatories of TISCO and TISCO Bank to the Board of Directors for approval,
12. Considering the director succession plan to be in accordance with the Bank of Thailand's regulation on Corporate Governance of Financial Institutions,

13. Reviewing the Charter and the Annual Plan of the Committee and recommending to the Board of Directors for approval,
14. Acknowledging the training and professional development programs for Directors and Management,
15. Approving the promotion and appointment of new director of subsidiary companies namely, TISCO Securities Co., Ltd and TISCO Asset Management Co., Ltd,
16. Approving the promotion of senior management level of TISCO,
17. Approving the incentive pay, bonus appropriation for management and staff for the Year 2019,
18. Acknowledging the activities report of Human Resources Committee including succession plan for senior management.

The Nomination and Compensation Committee performed self-assessment by comparing the Committee's activities to the Charter of the Nomination and Compensation Committee, relevant laws and leading practices, and opined that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

- *Pranee Tinakorn* -

(Prof. Dr. Pranee Tinakorn)

Chairperson of the Nomination and Compensation Committee

February 25, 2020

Attachment 9

Report of the Corporate Governance Committee

Appointed by the Board of Directors on April 23, 2019, the Corporate Governance Committee of TISCO Financial Group Public Company Limited comprises three independent and non-executive directors as follows.

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|----|------------------------------------|---|
| 1. | Professor Dr. Teerana Bhongmakapat | Chairman and Non-Executive Director
<i>(Since April 23, 2019)</i>
Member and Non-Executive Director
<i>(January 1 to April 22, 2019)</i> |
| 2. | Professor Dr. Pranee Tinakorn | Member and Independent Director |
| 3. | Dr. Charatpong Chotigavanich | Member and Independent Director |

During the period from January 1 to April 22, 2019, Ms. Patareeya Benjapolchai was Chairperson and Independent Director and Ms. Panada Kanokwat was Member and Independent Director.

The Committee is charged with the responsibility of setting and reviewing policies and guidelines of corporate governance and sustainable development, oversee the practice of the Board, Board Committees, and the Management in compliance with the Corporate Governance Principles and Policies, Code of Conduct, and related laws and regulations, maintain checks and balances between the Board and the Management, protect shareholders' rights and ensure equitable treatment being provided, and develop corporate governance system for the benefits of shareholders and other stakeholders.

In 2019, the Committee has duly performed the duties set forth in the Corporate Governance Committee Charter and executed the tasks mandated by the Board of Directors. The Committee convened a total of four meetings, which in summary includes:

1. Considered and recommended the revision of the Corporate Governance Policy in accordance with the Corporate Governance Code for listed companies of the Securities and Exchange Commission (SEC CG Code), Corporate Governance Guidelines of Financial Institutions from the Bank of Thailand (BOT), the international principles as well as the current practices, rules and regulations covering financial institutions and listed companies on the Stock Exchange of Thailand, and proposed to the Board for approval,
2. Considered the results and recommendations on corporate governance and sustainable development assessments of TISCO by the Thai Institute of Directors Association, the Thai Investors Association, the Stock Exchange of Thailand, and the Thai Listed Companies Association, and recommended enhancement to the Board,
3. Considered the Sustainability Report, and provided recommendations to Management,
4. Reviewed the revision of the Approval Authority Guideline, and proposed to the Board for approval,
5. Considered the conflict of interest of newly-appointed member of Executive Board in compliance with Corporate Governance Policy, the SEC CG Code, Banking Industry Code of Conduct of the Thai Bankers' Association, the BOT's Corporate Governance Guidelines of Financial Institutions,
6. Considered and reviewed the proportion of Independent Director in the Board and the number of board members specified in the CG Policy to only conform to the minimum regulatory requirements with the SEC CG Code and the BOT's Corporate Governance Guidelines of Financial Institutions,
7. Reviewed and acknowledged the implementation progress of Corporate Governance and Sustainable Development including the Sustainability Development Roadmap and the environmental and social risk assessment,
8. Considered and acknowledged the progress of the Thai Banker's Association on Sustainable Banking and Responsible Lending,
9. Reviewed self-authorized expenses of the Chairperson of Executive Board and the Group Chief Executive, and
10. Reviewed the Committee's Charter and annual plan.

The Corporate Governance Committee performed self-assessment by comparing the Committee's activities to its Charter, and leading practices, and opined that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

- Teerana Bhongmakapat -
(Professor Dr. Teerana Bhongmakapat)
Chairman of the Corporate Governance Committee
February 5, 2020

Attachment 10

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

February 25, 2020

**This questionnaire was completed by the TISCO Financial Group Plc.'s Board of Directors.
It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.**

Background and Objectives

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

Use of Questionnaire

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.

Control Environment

1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include:		
1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct.	/	
1.1.2 Interactions with suppliers, customers, and other external parties.	/	
1.2 Practice of integrity and ethics is in place which may include:		
1.2.1 Appropriate code of conduct for all employees	/	
1.2.2 Prohibition of conflict of interest and corruption	/	
1.2.3 Penalty when employee action deviates from the standard code of conduct	/	
1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence.	/	
1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including;		
1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit	/	
1.3.2 Employees self-evaluation	/	
1.3.3 Separate evaluation by independent and external experts	/	
1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner.		
1.4.1 Having a process to investigate deviations of the expected standard code of conduct.	/	
1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis.	/	
1.4.3 The corrective action should be taken in consistent and timely basis.	/	

2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	/	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	/	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	/	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	/	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	/	
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities.	/	

3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. Segregation of duties, the direct reporting line of internal audit to the Audit Committee, clear reporting line etc.	/	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	/	
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	/	

4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	/	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	/	
4.3 The organization has a procedure to handle insufficiency of competent staff properly.	/	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees.	/	
4.5 The organization has the appropriate succession plan.	/	

5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	/	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	/	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	/	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	/	

Risk Assessment

6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	/	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends.	/	
6.3 The organization's financial statements reflect actual operational activities.	/	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	/	

7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	/	
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	/	
7.3 Management of all level participates in risk management.	/	
7.4 The organization prioritize risk through frequency and impact assessment.	/	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	/	

8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	/	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensures that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	/	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	/	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	/	

9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	/	
10.2 The organization has written internal control measures that appropriately covers its activities such as policies and procedures relating to the financial transactions, procurement process and other administrations which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud such as the determination of authority level of the management in each level, capital expenditures approval process, procurement and vendor selection process, transactional recording, approval process, requisition and disbursement process etc. by arranging the processes for the following cases		

Question	Yes	No
10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions.	/	
10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	/	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	/	
10.4 Management considers control activities at various levels in the entity.	/	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	/	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	/	
11.2 The organization should have a proper control on IT infrastructure.	/	
11.3 The organization should have a proper IT security system.	/	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	/	

12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	/	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	/	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	/	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	/	
12.5 The organization defines roles and responsibilities for its management and employees to carry out policies and processes.	/	
12.6 The policies and processes are implemented within the proper time frame by the competent personnel including the comprehensiveness of the incident management process	/	
12.7 The organization reviews the appropriateness of its policies and processes regularly.	/	

Information & Communication

13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	/	

Question	Yes	No
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	/	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	/	
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	/	
13.5 The organization should document sufficient information in the board of directors' minutes of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	/	
13.6 The organization has proper	/	
13.6.1 Document retention process to ensure completeness and filing of all important document.		
13.6.2 Control deficiencies and corrective action report from both external and internal auditors.		

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control and provides appropriate communications channels.	/	
14.2 The organization reports material information to the board of directors consistently. Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	/	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	/	

15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	/	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	/	

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	/	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	/	
16.3 Management varies frequency of evaluation depending on changing condition.	/	

Question	Yes	No
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	/	
16.5 Internal audit department has direct reporting line to audit committee.	/	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	/	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	/	
17.2 The organization develop policies for reporting the control deficiency including: 17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis. 17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee. 17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	/	

Attachment 11

Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of TISCO Financial Group Public Company Limited is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and best accounting estimates. All material information has been sufficiently disclosed in the notes to financial statements. These financial statements also have been made in compliance with the stipulations of the Notification of the Bank of Thailand, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The financial statements have been audited and expressed with unqualified audit opinion by an independent auditor, which reflected fair and transparent financial position and operating performance that is useful information for shareholders and general investors.

The Board of Directors has established effective risk management and internal control systems to ensure that the reliability and completeness of financial information are in place, with the ability to protect the Company's assets, as well as identifying the weaknesses of operation in order to adequately prevent operational risk.

In this regard, the Board of Directors has appointed the Audit Committee, comprising independent directors, to oversee qualitative aspects of financial reporting and internal control systems. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this annual report.

The Board of Directors views that the Company's internal control systems are satisfactory and provide reasonable assurance as to the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of December 31, 2019.

- *Pliu Mangkornkanok* -
(Mr. Pliu Mangkornkanok)
Chairman of the Board

- *Suthas Ruangmanamongkol* -
(Mr. Suthas Ruangmanamongkol)
Group Chief Executive

Independent Auditor's Report

To the Shareholders of TISCO Financial Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowance for doubtful accounts for loans to customers

As discussed in Notes 1.6.9 and 3.6 to the financial statements, as at 31 December 2019, the Group had loans to customers of Baht 242,826 million (accounting for 81% of total assets) and allowance for doubtful accounts of Baht 10,709 million, which is a material amount. The estimation of allowance for doubtful accounts was made based on the criteria established by the Bank of Thailand and adjusted to incorporate the additional amounts that are expected not to be collectible, which relies on various estimation assumptions. Management is required to exercise considerable judgment in determining the assumptions to be used in estimating the losses expected to be incurred as a result of debtors being unable to repay principal and interest. Therefore, I have focused on examining the adequacy of the allowance for doubtful accounts for loans to customers.

I have performed audit procedures on the allowance for doubtful accounts by gaining an understanding of the estimation process and the Group's recording of allowance for doubtful accounts, assessing and testing the internal controls relevant to the recording of allowance for doubtful accounts, the collection of debts and the calculation of allowance for doubtful accounts for loans to customers, including the loan classification process and the collateral valuation, by making enquiry of responsible executives and selecting representative samples to test the operation of the designed controls. I checked the accuracy of the data used in the calculation of allowance for doubtful accounts to its source. I performed analytical procedures to compare the assumptions that the Group used to calculate allowance for doubtful accounts with historical data, the regularity in applying the assumptions, and evaluated the methods that the Group elected to use in estimating allowance for doubtful accounts for each type of product. I reviewed the completeness of loan's information and tested the accuracy of loan classification as at the end of reporting period.

In addition, I assessed the allowance for doubtful accounts calculated by the management by randomly selecting sample of customers to test the correctness of status of the loans, the loan classification and the existence of collateral, testing the calculation of the valuation of collateral and also testing whether the calculation of the allowance for doubtful accounts was in accordance with the Group's guidelines in cases where the Group sets loan loss provisions on a specific basis and by testing the calculation of the probability of default and loss given default as well as the allowance calculation in cases where the Group applies a collective approach to loan loss provisioning.

Interest income recognition

The Group's interest income recognition policy is as discussed in Note 1.6.1 to the financial statements. The Group's major source of revenue is interest income from loans, which amounted to Baht 17,073 million in the year 2019, accounting for 69% of total revenues. I focused my audit on recognition of interest income because there are a large number of customers such as retail loans, corporate loans and commercial lending loans. There are various types of credit, and there are a variety of conditions in the agreements, with the conditions for interest income recognition differing for each type of agreement. In addition, the Group's recognition of interest income is primarily dependent on data processing by IT system. I therefore focused my audit to determine whether the interest income was recognized in the correct amounts.

I performed my audit by gaining an understanding of, assessing and testing at random the design and the operation of both the IT system controls and internal controls related to loan origination, collection, recognition of interest income and the cessation of the recognition of interest income. I also selected samples of loan agreements to evaluate whether lending, cash receipt and income transactions were recorded in accordance with the conditions in the loan agreement and in compliance with the Group's interest income recognition policy. In addition, I performed analytical procedures on interest income data and, on a sampling basis, examined significant adjustments made through journal vouchers.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 11 February 2020

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of financial position****As at 31 December 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Assets					
Cash		1,102,557	1,191,800	70	70
Interbank and money market items - net	3.2	45,300,141	54,071,389	1,098,459	641,395
Derivatives assets	3.3	21,907	5,685	-	-
Investments - net	3.4, 3.8	9,363,032	9,012,345	836,827	780,284
Investments in subsidiaries and joint venture - net	3.5	813,602	800,151	20,069,135	20,069,127
Loans to customers and accrued interest receivables	3.6, 3.8				
Loans to customers		263,569,157	261,056,899	2,210,000	2,075,000
Accrued interest receivables		1,240,929	642,526	-	-
Total loans to customers and accrued interest receivables		264,810,086	261,699,425	2,210,000	2,075,000
Less: Deferred revenue		(20,743,017)	(20,402,559)	-	-
Less: Allowance for doubtful accounts	3.7	(10,709,365)	(11,665,492)	-	-
Less: Allowance for loss on debt restructuring	3.7	(7,343)	(8,146)	-	-
Loans to customers and accrued interest receivables - net		233,350,361	229,623,228	2,210,000	2,075,000
Properties foreclosed - net	3.9	18,429	10,857	-	-
Investment properties	3.10	30,304	39,388	955,266	831,043
Premises and equipment - net	3.11	2,984,152	2,992,229	800,379	957,714
Intangible assets - net	3.12	329,460	448,222	124,209	159,531
Deferred tax assets	3.30	1,324,904	991,525	146,763	152,571
Securities and derivatives business receivables - net		1,164,066	948,528	-	-
Dividend receivable from subsidiaries	3.34	-	-	5,877,944	5,258,642
Other assets	3.13	2,501,180	2,409,287	196,712	166,983
Total assets		298,304,095	302,544,634	32,315,764	31,092,360

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

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of financial position (continued)****As at 31 December 2019**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and equity					
Liabilities					
Deposits	3.14	216,084,551	193,108,310	-	-
Interbank and money market items	3.15	4,656,133	4,374,674	-	-
Liabilities payable on demand		306,867	238,219	-	-
Derivatives liabilities	3.3	-	10,653	-	-
Debts issued and borrowings	3.16	25,016,919	55,556,919	6,300,000	5,840,000
Provision for long-term employee benefits	3.17	1,485,868	827,442	265,897	176,986
Deferred tax liabilities	3.30	-	8,499	-	-
Securities and derivatives business payables - net		820,545	995,276	-	-
Accrued interest payable		1,005,621	881,275	17,045	9,871
Income tax payable		911,330	753,846	9,380	4,916
Other liabilities	3.18	8,820,147	7,960,065	1,449,497	1,481,562
Total liabilities		259,107,981	264,715,178	8,041,819	7,513,335

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

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of financial position (continued)****As at 31 December 2019**

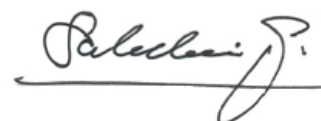
(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Equity				
Share capital				
Registered				
33,858 preference shares of Baht 10 each	339	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up				
9,859 preference shares of Baht 10 each	99	99	99	99
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456	8,006,456
	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium				
Share premium on preference shares	-	-	87	87
Share premium on ordinary shares	1,018,408	1,018,408	7,031,436	7,031,436
	<u>1,018,408</u>	<u>1,018,408</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of equity	1,810,936	1,753,824	348,081	257,304
Retained earnings				
Appropriated-statutory reserve	801,000	801,000	801,000	801,000
Unappropriated	27,556,084	26,116,740	8,086,786	7,482,643
Equity attributable to equity holders of the Company	<u>39,192,983</u>	<u>37,696,527</u>	<u>24,273,945</u>	<u>23,579,025</u>
Non-controlling interest of the subsidiaries	3,131	132,929	-	-
Total equity	<u>39,196,114</u>	<u>37,829,456</u>	<u>24,273,945</u>	<u>23,579,025</u>
Total liabilities and equity	<u>298,304,095</u>	<u>302,544,634</u>	<u>32,315,764</u>	<u>31,092,360</u>
	-	-	-	-

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


(Mr. Suthas Ruangmanamongkol)

Group Chief Executive



(Mr. Sakchai Peechapat)

President and Chief Operating Officer

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the year ended 31 December 2019**

(Unit: Thousand Baht, except earnings per share expressed in Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Profit or loss:					
Continuing operations					
Interest income	3.22	17,881,207	17,690,276	60,658	67,293
Interest expenses	3.23	(5,088,798)	(5,075,507)	(86,109)	(89,470)
Net interest income		12,792,409	12,614,769	(25,451)	(22,177)
Fee and service income		6,510,972	6,339,093	-	-
Fee and service expenses		(325,754)	(243,666)	(17,175)	(17,857)
Net fee and service income	3.24	6,185,218	6,095,427	(17,175)	(17,857)
Net gains (losses) on trading and foreign exchange transactions	3.25	(24,227)	6,339	(59,493)	(6,700)
Net gains on investments	3.26	6,817	496,291	-	23
Share of profit from investment accounted for under equity method	3.5.2	12,108	222,708	-	-
Dividend income	3.5.1	64,617	62,584	5,877,944	5,258,642
Penalty fee income from loans		294,907	331,035	-	-
Intercompany supporting fee income	3.34	-	-	2,185,213	2,156,929
Other operating income	3.28	103,796	204,018	84,092	70,905
Total operating income		19,435,645	20,033,171	8,045,130	7,439,765
Operating expenses					
Employee expenses		6,410,362	5,839,300	997,625	1,103,288
Directors' remuneration		18,125	16,425	18,125	16,425
Premises and equipment expenses		1,304,846	1,213,428	610,850	469,704
Taxes and duties		296,605	303,080	2,298	2,241
Other operating expenses	3.29	1,240,853	1,381,034	113,108	136,920
Total operating expenses		9,270,791	8,753,267	1,742,006	1,728,578
Bad debts, doubtful accounts and impairment losses	3.27	1,109,103	2,701,452	-	-
Profit from operations before income tax expenses		9,055,751	8,578,452	6,303,124	5,711,187
Income tax expenses	3.30	1,782,553	1,663,017	78,840	84,392
Profit for the year from continuing operations		7,273,198	6,915,435	6,224,284	5,626,795
Discontinued operations					
Profit for the year from discontinued operations		-	128,306	-	-
Total profit for the year		7,273,198	7,043,741	6,224,284	5,626,795

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

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the year ended 31 December 2019**

		(Unit: Thousand Baht, except earnings per share expressed in Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Other comprehensive income:	3.31				
Continuing operations					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Gains (losses) on valuation in available-for-sale investments	3.20	74,272	(233,032)	114,260	(82,598)
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		1,342	3,517	-	-
Income tax effects	3.30, 3.32	(14,854)	45,062	(22,852)	16,520
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		60,760	(184,453)	91,408	(66,078)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Changes in surplus on revaluation of assets	3.21	-	387,623	-	106,651
Actuarial losses	3.17	(288,575)	(56,943)	(20,627)	(29,510)
Income tax effects	3.30, 3.32	57,556	(66,712)	4,125	(15,428)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(231,019)	263,968	(16,502)	61,713
Other comprehensive income for the year from continuing operations		(170,259)	79,515	74,906	(4,365)
Total other comprehensive income for the year		(170,259)	79,515	74,906	(4,365)
Total comprehensive income					
Total comprehensive income from continuing operations		7,102,939	6,994,950	6,299,190	5,622,430
Total comprehensive income from discontinued operations		-	128,306	-	-
Total comprehensive income for the year		7,102,939	7,123,256	6,299,190	5,622,430
Profits attributable to					
Equity holders of the Company	3.33				
Profit for the year from continuing operations		7,270,233	6,887,379	6,224,284	5,626,795
Profit for the year from discontinued operations		-	128,306	-	-
Profit for the year attributable to the Company		7,270,233	7,015,685	6,224,284	5,626,795
Non-controlling interests of the subsidiaries					
Profit for the year from continuing operations		2,965	28,056		
Profit for the year from discontinued operations		-	-		
Profit for the year attributable to non-controlling interests of the subsidiaries		2,965	28,056		
		7,273,198	7,043,741		

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

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the year ended 31 December 2019**

(Unit: Thousand Baht, except earnings per share expressed in Baht)				
Note	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Total comprehensive income attributable to				
Equity holders of the Company				
Total comprehensive income for the year from continuing operations	7,100,094	6,966,734	6,299,190	5,622,430
Total comprehensive income for the year from discontinued operations	-	128,306	-	-
Total comprehensive income for the year attributable to the Company	7,100,094	7,095,040	6,299,190	5,622,430
Non-controlling interests of the subsidiaries				
Total comprehensive income for the year from continuing operations	2,845	28,216		
Total comprehensive income for the year from discontinued operations	-	-		
Total comprehensive income for the year attributable to non-controlling interests of the subsidiaries	2,845	28,216		
	7,102,939	7,123,256		
Earnings per share of equity holders of the Company				
Basic earnings per share (Baht per share)	3.33			
Equity holders of the Company				
Profit from continuing operations	9.08	8.60	7.77	7.03
Profit from discontinued operations	-	0.16	-	-
	9.08	8.76	7.77	7.03

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

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flow statement****For the year ended 31 December 2019**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax from continuing operations	9,055,751	8,578,452	6,303,124	5,711,187
Profit before income tax from discontinued operations	-	128,306	-	-
Profit from operations before income tax	9,055,751	8,706,758	6,303,124	5,711,187
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	381,961	390,757	144,587	153,967
Bad debts and doubtful accounts	2,971,802	4,898,708	-	-
Share of profit from investment accounted for under equity method	(12,108)	(222,708)	-	-
Allowance for impairment of investments (reversal)	4,769	(1,355)	-	1
Reversal of allowance for impairment of properties foreclosed	(11,111)	(268)	-	-
Gains on disposal of investments in securities	(12,501)	(495,267)	-	-
Unrealised (gains) losses on foreign exchange transactions and trading derivatives	41,056	(6,455)	57,716	6,700
Gains (losses) on changes in value of investment properties	1,022	(6,992)	-	3,460
Gains on disposal of equipment and intangible assets	(3,290)	(5,661)	(830)	(972)
Losses on written-off of equipment and intangible assets	2,297	472	55	1
Gains on disposal of properties foreclosed	(42,934)	(71,336)	-	-
Employee benefit expenses	406,899	83,138	72,178	14,286
(Increase) decrease in accrued income	(306,256)	261,429	4,195	6,112
Increase in accrued expenses	383,486	536,621	6,581	11,556
Net interest income	(12,792,409)	(12,828,669)	25,451	22,177
Dividend income	(64,617)	(62,584)	(5,877,944)	(5,258,642)
Cash received on interest income	16,948,275	17,680,774	60,526	67,263
Cash paid on interest expenses	(3,900,762)	(3,844,808)	(78,935)	(113,867)
Cash received on dividend income	64,617	62,584	5,258,642	4,132,342
Cash received on income tax	18,967	-	-	-
Cash paid on income tax	(1,839,085)	(2,018,179)	(87,136)	(102,748)
Profit from operating activities before changes in operating assets and liabilities	11,295,829	13,056,959	5,888,210	4,652,823
Operating assets (increase) decrease				
Interbank and money market items - net	8,758,584	(9,424,150)	(456,943)	(404,194)
Loans to customers	(7,808,565)	4,253,506	(135,000)	1,465,000
Securities and derivatives business receivables	(215,538)	1,393,513	-	-
Receivables from clearing house	114,006	(114,224)	-	-
Properties foreclosed	1,746,124	1,849,032	-	-
Other assets	76,061	-201,668	-33,924	-7,262

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

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the year ended 31 December 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Operating liabilities increase (decrease)				
Deposits	22,976,241	12,304,466	-	-
Interbank and money market items	281,459	357,167	-	-
Liabilities payable on demand	68,648	(193,142)	-	-
Securities and derivatives business payables	(174,731)	(1,220,980)	-	-
Short-term debts issued and borrowings	460,000	(25,021,700)	460,000	(1,600,000)
Payable to clearing house	278,256	(52,820)	-	-
Provision for long-term employee benefits	(37,048)	(47,493)	(3,894)	(21,037)
Other liabilities	(638,380)	(1,099,657)	(38,646)	36,639
Net cash flows from (used in) operating activities	37,180,946	(4,161,191)	5,679,803	4,121,969
Cash flows from investing activities				
Cash paid for purchase of investments in securities held for investment	(36,584,587)	(12,333,737)	(122,989)	-
Cash received from disposal of investments in securities held for investment	36,256,313	11,125,400	123,000	-
Cash paid for purchase of equipment	(206,836)	(191,004)	(54,931)	(72,607)
Cash paid for purchase of intangible assets	(46,891)	(77,495)	(27,518)	(47,268)
Cash received from disposal of equipment	3,565	8,061	7,036	972
Cash received from disposal of intangible assets	395	-	36	-
Cash paid for acquisition of a subsidiary	(87,719)	-	(8)	(24)
Net cash flows used in investing activities	(665,760)	(1,468,775)	(75,374)	(118,927)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	2,400,000	20,000,000	-	-
Cash paid for redemption of long-term debentures	(33,400,000)	(10,500,000)	-	-
Dividend paid	(5,604,429)	(4,003,042)	(5,604,429)	(4,003,042)
Net cash flows from (used in) financing activities	(36,604,429)	5,496,958	(5,604,429)	(4,003,042)
Net decrease in cash	(89,243)	(133,008)	-	-
Cash at beginning of the year	1,191,800	1,324,808	70	70
Cash at end of the year	1,102,557	1,191,800	70	70
	-	-	-	-

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2019

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to equity holders of the Company													
Other components of equity													
Note	Issued and paid-up		Share premium on ordinary shares	Surplus (deficit) on changes in value of available-for-sale investments		Share of other comprehensive income of joint venture	Adjustment from business combination of entities under common control under holding restructuring plan	Total other components of equity	Retained earnings		Total equity attributable to equity holders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total
	Preference shares	Ordinary shares		Surplus on revaluation of assets	Share of other comprehensive income of joint venture				Appropriated	Unappropriated			
Balance as at 1 January 2018	99	8,006,456	1,018,408	96,908	879,285	(2,257)	679,266	1,653,202	801,000	23,125,364	34,604,529	127,236	34,731,765
Dividend paid	4	-	-	-	-	-	-	-	-	(4,003,042)	(4,003,042)	-	(4,003,042)
Profit for the year		-	-	-	-	-	-	-	-	7,015,685	7,015,685	28,056	7,043,741
Other comprehensive income for the year		-	-	(187,970)	310,099	3,517	-	125,646	-	(46,291)	79,355	160	79,515
Total comprehensive income for the year		-	-	(187,970)	310,099	3,517	-	125,646	-	6,969,394	7,095,040	28,216	7,123,256
Transfer surplus on revaluation of assets to retained earnings		-	-	-	(25,024)	-	-	(25,024)	-	25,024	-	-	-
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(22,523)	(22,523)
Balance as at 31 December 2018	99	8,006,456	1,018,408	(91,062)	1,164,360	1,260	679,266	1,753,824	801,000	26,116,740	37,696,527	132,929	37,829,456
Balance as at 1 January 2019	99	8,006,456	1,018,408	(91,062)	1,164,360	1,260	679,266	1,753,824	801,000	26,116,740	37,696,527	132,929	37,829,456
Dividend paid	4	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)	-	(5,604,429)
Profit for the year		-	-	-	-	-	-	-	-	7,270,233	7,270,233	2,965	7,273,198
Other comprehensive income for the year		-	-	59,418	-	1,342	-	60,760	-	(230,899)	(170,139)	(120)	(170,259)
Total comprehensive income for the year		-	-	59,418	-	1,342	-	60,760	-	7,039,334	7,100,094	2,845	7,102,939
Transfer surplus on revaluation of assets to retained earnings		-	-	-	(3,648)	-	-	3,648	-	4,439	791	-	791
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	(132,643)	(132,643)
Balance as at 31 December 2019	99	8,006,456	1,018,408	(31,644)	1,160,712	2,602	679,266	1,810,936	801,000	27,556,084	39,192,983	3,131	39,196,114

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

Note	Separate financial statements									
					Other components of equity					
	Issued and paid-up		Share premium		Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated	
Balance as at 1 January 2018	99	8,006,456	87	7,031,436	16,457	224,985	241,442	801,000	5,879,117	21,959,637
Dividend paid	4	-	-	-	-	-	-	-	(4,003,042)	(4,003,042)
Profit for the year		-	-	-	-	-	-	-	5,626,795	5,626,795
Other comprehensive income for the year		-	-	-	(66,078)	85,320	19,242	-	(23,607)	(4,365)
Total comprehensive income for the year		-	-	-	(66,078)	85,320	19,242	-	5,603,188	5,622,430
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	(3,380)	(3,380)	-	3,380	-
Balance as at 31 December 2018	99	8,006,456	87	7,031,436	(49,621)	306,925	257,304	801,000	7,482,643	23,579,025
Balance as at 1 January 2019	99	8,006,456	87	7,031,436	(49,621)	306,925	257,304	801,000	7,482,643	23,579,025
Dividend paid	4	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)
Profit for the year		-	-	-	-	-	-	-	6,224,284	6,224,284
Other comprehensive income for the year		-	-	-	91,408	-	91,408	-	(16,502)	74,906
Total comprehensive income for the year		-	-	-	91,408	-	91,408	-	6,207,782	6,299,190
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	(631)	(631)	-	790	159
Balance as at 31 December 2019	99	8,006,456	87	7,031,436	41,787	306,294	348,081	801,000	8,086,786	24,273,945

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. Basis of preparation and presentation of financial statements and significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements for the year ended 31 December 2019 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and the regulation of the Bank of Thailand ("BOT"), and their presentation has been made in compliance with the Bank of Thailand's Notification No. Sor Nor Sor. 21/2558 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 4 December 2015.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

1.2 Basis of consolidation

- a) The consolidated financial statements of TISCO Group include the financial statements of TISCO Financial Group Public Company Limited ("the Company") and its subsidiary companies ("the subsidiaries") as mentioned in Note 3.1 to the financial statements.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

1.3 Separate financial statements

The separate financial statements present investments in subsidiaries and joint venture under the cost method.

1.4 New financial reporting standards

a) Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group expects the effect of the adoption of these accounting standards to the statements of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 444 million and the Group's equity by approximately Baht 444 million, with most of the impacts resulting from the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group is to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value through profit or loss.
- Classification and measurement of investments in available-for-sale equity securities - The Group's available-for-sale investments in listed equity securities are measured at fair value through other comprehensive income. The Group has decided to classify these investments as financial assets at fair value through profit or loss. The cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.

Moreover, the Group is to recognise an allowance for expected credit losses on its financial assets, in which the management of the Group expects that there will be a remaining excess loan loss reserve which will be gradually released under the straight-line method for 5 years according to the Bank of Thailand's guideline.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to

recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group expects the effect of the adoption of this accounting standard to the statements of financial position as at 1 January 2020 to be to increase the Group's assets by approximately Baht 1,287 million (The Company only: approximately Baht 1 million) and the Group's liabilities by approximately Baht 1,287 million (The Company only: approximately Baht 1 million).

1.5 Change in accounting estimation

Change in accounting estimation and recording of depreciation of revalued assets

At the end of 2018, the Company and its subsidiaries reappraised office condominiums and at the same time had the useful lives of the office condominiums estimated by an independent professional appraiser. As a result, effective from 1 January 2019, the Company and its subsidiaries have changed the remaining useful lives of office condominiums from 15 years to 30 years in order to align them with the estimated useful lives of the assets determined using a prospective method.

The amounts affecting the statements of comprehensive income are summarised below.

	Consolidated financial statements		Separate financial statements	
	Increase (decrease) in profit after tax	Increase (decrease) in basic earnings per share	Increase (decrease) in profit after tax	Increase (decrease) in basic earnings per share
	(Thousand Baht)	(Baht per share)	(Thousand Baht)	(Baht per share)
For the year 2019	15,584	0.02	3,577	0.01
For the year 2020	15,584	0.02	3,577	0.01
For the year 2021	15,584	0.02	3,577	0.01
For the year 2022	15,584	0.02	3,577	0.01
For the year 2023 - 2048	(62,337)	(0.08)	(14,307)	(0.02)

1.6 Significant accounting policies

1.6.1 Income recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase, finance lease and loan against auto license income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for corporate loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For other loan accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and after that interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue for more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an accrual basis when the overdue amounts are received.

b) Interest and dividends on investment in securities

Interest on investment in securities is recognised as income on an accrual basis. Dividends on investment in securities are recognised as income when the right to receive the dividends is established.

c) Brokerage fees

Brokerage fees on securities and derivatives trading are recognised as income on the transaction dates.

d) Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

e) Fee and service income

Fee and service income are recognised as income on an accrual basis.

f) Incentive fee income on fund management

The subsidiary operating an asset management business recognises incentive fee income, which arises when the annual returns of funds that the company is managing exceeds the threshold for the performance of the fund, as revenue at year-end when there is a high likelihood that the income will occur.

1.6.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Commissions and direct expenses of the hire purchase business/loan against auto license.

The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase/loan against auto license contracts using the effective interest rate method, and deduct them from interest income over the installment period.

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.6.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating a banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items - net" in the statements of financial position and the securities purchased are used as collateral.

Under securities purchased under resale agreements according to private repurchase transactions, the subsidiary obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

1.6.4 Investments

a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recognised as part of profit or loss when the securities are sold.

c) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

d) Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment loss (if any).

e) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any). Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within the period stipulated in the Bank of Thailand's regulations.

g) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

h) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and general investments are recognised in profit or loss.

- i) The weighted average method is used for computation of the cost of investments.
 - j) In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.
 - k) Purchases and sales of investments are recorded on the settlement date.
- 1.6.5 Investments in receivable purchased or transferred in
- Investments in receivable purchased or transferred in, which are classified as held-to-maturity securities, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are recorded in profit or loss.
- If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans to customers and presented at fair value, net of allowance for doubtful debts. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debts is based on the same Bank of Thailand's guideline as allowance for loans to customers.
- Investments in receivable purchased or transferred in are recorded as loans to customers in the statement of financial position at the fair value of consideration given in exchange, plus direct costs. Subsequent to initial recognition, these investments in receivable are valued at balances on the same basis as loans to customers.
- 1.6.6 Receivable from Clearing House/Payable to Clearing House
- Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.
- Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net derivatives balance payable to Thailand Clearing House.
- 1.6.7 Loans to customers
- Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are deducted from loans to customers.
- Hire purchase and finance lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contracts and advances received from finance lease receivables.
- 1.6.8 Securities and derivatives business receivables
- Securities and derivatives business receivables comprise the net balance of securities business receivables and derivatives business receivables, after deducting allowance for doubtful accounts. Securities business receivables comprise the net receivable balances of cash accounts, securities borrowing and lending receivables, and other receivables such as securities receivables that are subject to legal proceeding, undergoing restructuring or setting in installments.
- 1.6.9 Allowance for doubtful accounts and loss on debt restructuring
- a) The subsidiary company operating a banking business provides allowance for doubtful accounts and loss on debt restructuring in accordance with the Notifications of the Bank of Thailand ("BOT") and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.
- For all loans to customers classified as pass and special mention, except for hire purchase receivables and loan against auto license receivables that are classified as pass and special mention, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables, respectively.
- For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, except for non-performing hire purchase receivables and loan against auto license receivables, the subsidiary company records allowance for doubtful accounts at a rate 100% of the debt balance remaining after deducting the present value of expected future

cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications.

For hire purchase receivables and loan against auto license receivables that are classified as pass, special mention and non-performing loans, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables and loan against auto license receivables.

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 10 June 2016.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating a hire purchase business, allowance for doubtful accounts is set aside using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) Subsidiary companies operating other lending business set aside allowance for doubtful accounts for loans to customers classified as pass and special mention at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables, respectively. For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, the subsidiary companies record allowance for doubtful accounts at a rate 100% of the debt balance net of collateral value.
- e) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- f) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to the provision for doubtful accounts in the period of recovery.

1.6.10 Troubled debt restructuring

The subsidiary company operating a banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash inflows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary records differences between the fair value of receivables and the balance of net book value of receivables as of restructuring date as expenses in profit or loss. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in profit or loss when incurred.

1.6.11 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company operating a securities business in cash accounts for securities trading and derivatives trading is recorded as an asset of the subsidiary company for the customers' position for internal control purposes. At the financial statement date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

1.6.12 Borrowing and lending of securities

The subsidiary company operating a securities business is engaged in securities borrowing and lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

The subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balances of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price

quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in part of profit or loss in the statement of comprehensive income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

1.6.13 Properties foreclosed

Properties foreclosed represents assets transferred in respect of receivables on which the debtors have defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transfer date, not exceeding the legally claimable amount of outstanding debt) or net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating a banking business is required to record the additional general reserve for declining in value of properties foreclosed in accordance with the notifications of the Bank of Thailand and the management's estimates.

The subsidiary companies recognise loss on impairment in profit or loss. Gains or losses from disposal of properties foreclosed are recognised upon disposal.

1.6.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceed and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised (if any).

1.6.15 Premises and equipment/Depreciation

Land is stated at cost. Office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company's and its subsidiaries' assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expenses.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company's and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of office condominiums and equipment is calculated by reference to their costs or fair values on the straight-line basis (except for the depreciation of communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominiums	-	18 - 50	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	5	years
Motor vehicles	-	5, 6	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

1.6.16 Intangible assets

The Company and its subsidiaries initially recognise intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortise intangible assets with finite lives on a systematic basis over the economic useful life and test for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries review the amortisation year and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Company and its subsidiaries amortise over the following estimated useful lives:

- | | | |
|---|---|--|
| The license agreements with specified number of years of usage | - | according to the year of license agreement b straight-line basis |
| The license agreements with no specified number of years of usage | - | 5 years by the straight-line basis |
| No license agreements | - | 5 years by the straight-line basis |

1.6.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. These will be realised in future years when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Company and its subsidiaries recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company and its subsidiaries will generate future taxable profits that will be available against which such deductible deferred tax assets can be utilised. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At the end of each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.6.18 Impairment of assets

The Company and its subsidiaries assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss. However, in cases where assets was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

1.6.19 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retain control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired.

1.6.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the reference rates announced by the Bank of Thailand at the end of each reporting period.

Gains and losses on exchange are included in determining income.

1.6.21 Employee benefits

Short-term employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expenses of the Company and its subsidiaries is annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the Company's share price. The Company and its subsidiaries record these expenses and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting period and any increase or decrease in the expenses according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by the employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries based on actuarial techniques.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains or losses arising from other long-term benefits are recognised immediately in profit or loss.

1.6.22 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.6.23 Derivatives and hedge accounting

- a) The subsidiary operating a banking business records derivatives held for trading under fair value method. The subsidiary records gains (losses) from changes in fair value of derivatives in profit

or loss. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

- b) The subsidiary operating a securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in profit or loss, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

1.6.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.
- Level 3 - Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

1.6.25 Financial instruments

- a) Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, securities and derivatives business receivables, receivable from clearing house, loans to customers and accrued interest receivables, deposits, interbank and money market items (liabilities), liabilities payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivatives business payables and payable to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 3.38 to the financial statements.

- b) Fair value of financial instruments

In determining the fair value of financial instruments, the estimated fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration of greater than one year, fair value is determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using the rate used for financial instruments with similar features.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, securities and derivatives business payables and payable to clearing house, the carrying amounts in the statement of financial position approximate their fair value.
- For investments in debt securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- For investments in marketable equity securities, their fair value is generally derived from quoted market prices, or based on discounted future cash flows and/or comparing with similar companies when no market price is available.
- Loans to customers and accrued interest receivables, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans to customers carry interest at floating rates.

Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.

- The fair value of debts issued and borrowings is estimated by discounting expected future cash outflows by the current market interest rates of the borrowings with similar terms and conditions.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The subsidiary has considered the counterparty's credit risk when determining the fair value of derivatives.

1.6.26 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6.27 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets and liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for doubtful accounts for loans to customers

Allowance for doubtful accounts for loans to customers is intended to adjust the value of loans to customers for probable credit losses. The management uses judgement to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of both the Company and its subsidiaries and the counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of investments in securities

The Company and its subsidiaries treat available-for-sale securities and general investments as impaired when the management judges that there has been a significant decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of impairment requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an internal appraiser of TISCO Bank, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the market approach. The key assumptions used in estimating the fair value are described in Note 3.10 to the financial statements.

Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the market approach. The valuation involves certain assumptions and estimates as described in Note 3.11 to the financial statements.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, and staff turnover rate.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of the reporting period.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgement whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

2. General information

2.1 The Company's information

TISCO Financial Group Public Company Limited ("the Company") is a holding company and is the parent company of TISCO Group. Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2.2 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

2.3 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, and related benefits payable to directors who hold executive positions.

2.4 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

The Company has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, which are in reference to the terms and price as charged to other customers.

3. Supplemental information

3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2019 and 2018 is provided below.

Company's name	Nature of business	Country of incorporation	(Unit: Percent)	
			Percentage of shares held by the Company as at 31 December	
			2019	2018
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Insurance Solution Co., Ltd.	Insurance broker	Thailand	99.99	99.99
Primus Leasing Co., Ltd.	Hire purchase	Thailand	99.99	99.99
(In the process of liquidation)				
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.99	99.99
<u>Subsidiaries indirectly held by the Company</u>				
TISCO Investment Advisory Securities Co., Ltd.	Securities business	Thailand	99.99	51.00
(Previously known as "Deutsche TISCO Investment Advisory Co., Ltd.")				

3.2 Interbank and money market items - net (assets)

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,702,418	290,000	1,992,418	1,527,020	745,000	2,272,020
Commercial banks	329,093	27,530,412	27,859,505	247,139	42,869,675	43,116,814
Specialised Financial Institutions	968	15,435,083	15,436,051	997	8,656,727	8,657,724
Total	2,032,479	43,255,495	45,287,974	1,775,156	52,271,402	54,046,558
Add: Accrued interest	526	11,592	12,118	196	24,527	24,723
Total domestic	2,033,005	43,267,087	45,300,092	1,775,352	52,295,929	54,071,281
<u>Foreign</u>						
Hong Kong dollars	49	-	49	108	-	108
Total foreign	49	-	49	108	-	108
Total domestic and foreign	2,033,054	43,267,087	45,300,141	1,775,460	52,295,929	54,071,389

	(Unit: Thousand Baht)					
	Separate financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	1,098,249	-	1,098,249	641,306	-	641,306
Total	1,098,249	-	1,098,249	641,306	-	641,306
Add: Accrued interest	210	-	210	89	-	89
Total domestic	1,098,459	-	1,098,459	641,395	-	641,395

			(Unit: Million Baht)
Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2019	2018	
Cash at domestic banks of subsidiary	10	10	To secure facilities provided for bank overdraft

The subsidiary company operating a banking business entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Million Baht)		
Securities purchased under resale agreements according to private repurchase transactions as at 31 December		
	2019	2018
Commercial banks	26,800	42,000
Specialised Financial Institutions	15,000	8,300

Fair value of securities received as collateral is as follows:

(Unit: Million Baht)		
Fair value of securities received as collateral as at 31 December		
	2019	2018
Commercial banks	26,456	42,595
Specialised Financial Institutions	15,058	8,374

3.3 Derivatives

The subsidiary company operating a banking business entered into interest rate swap agreements and foreign exchange contracts to manage the risk associated with financial assets, as follows:

(Unit: Thousand Baht)						
Consolidated financial statements as at 31 December						
Type of risk	2019			2018		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	21,907	-	917,044	5,685	-	717,751
Interest rate	-	-	-	-	10,653	1,200,000
Total	21,907	-	917,044	5,685	10,653	1,917,751

All counterparties of these derivatives transactions are financial institutions.

3.4 Investments

3.4.1 Classified by type of investments

(Unit: Thousand Baht)		
Consolidated financial statements as at 31 December		
	2019	2018
Available-for-sale investments - fair value		
Government and state enterprise securities	7,815,106	7,467,598
Private sector debt securities	183,387	186,078
Domestic marketable equity securities	252,900	299,562
Other securities - domestic unit trusts	59,006	60,777
Other securities - foreign unit trusts	836,827	780,284
Less: Allowance for impairment	(1,460)	(1,460)
Total available-for-sale investments	9,145,766	8,792,839
Held-to-maturity debt securities - cost/amortised cost		
Investment in receivables	12,437	13,352
Less: Allowance for impairment	(12,437)	(13,352)
Total held-to-maturity debt securities	-	-
General investments - cost		
Domestic non-marketable equity securities	257,578	254,134
Less: Allowance for impairment	(40,312)	(34,628)
Total general investments	217,266	219,506
Investments - net	9,363,032	9,012,345

(Unit: Thousand Baht)
Separate financial statements
as at 31 December

Available-for-sale investments - fair value

Other securities - foreign unit trusts

Investments - net

2019	2018
836,827	780,284
836,827	780,284

3.4.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	2019				2018			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments								
Government and state enterprise securities	7,812	3	-	7,815	7,464	3	-	7,467
Private sector debt securities	183	-	-	183	1	185	-	186
Total	7,995	3	-	7,998	7,465	188	-	7,653
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	7,994	3	-	7,997	7,464	188	-	7,652
Held-to-maturity debt securities								
Investment in receivables	12	-	-	12	13	-	-	13
Less: Allowance for impairment	(12)	-	-	(12)	(13)	-	-	(13)
Total	-	-	-	-	-	-	-	-
Total debt securities	7,994	3	-	7,997	7,464	188	-	7,652

3.4.3 Investments subject to restrictions

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2019	2018	
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	2,912	648	Pledge for the use of credit balance on clearing position

3.4.4 Investments in companies with weak financial positions and poor operating results of the subsidiary company operating a banking business

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2019

	Cost	Fair value	Allowance for impairment
Companies having problems with debt repayment or in default	1,460	-	1,460

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2018

	Cost	Fair value	Allowance for impairment
Companies having problems with debt repayment or in default	1,460	-	1,460

3.4.5 Investments in which the subsidiary company operating a banking business holds not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at 31 December					
	2019			2018		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	5,707	-	10	3,659	-	10
PDTL Trading Co., Ltd.	3,637	-	10	4,320	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	4,097	-	10	3,932	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	11,299	-	10	18,315	-	10

3.5 Investments in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2019	2018	2019	2018
Investments in subsidiaries	-	-	19,995,890	19,995,882
Investment in joint venture	813,602	800,151	73,245	73,245
	<u>813,602</u>	<u>800,151</u>	<u>20,069,135</u>	<u>20,069,127</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Type of investments as at 31 December		Percentage of holding as at 31 December		Investment value - cost method as at 31 December		Dividend received for the years ended 31 December	
		2019	2018	2019	2018	2019	2018	2019	2018
				(%)	(%)				
Subsidiaries directly held by the Company									
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	4,100	3,594
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	75	140
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	700	935
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	1	2
		Ordinary shares	Ordinary shares	99.99	99.99	770	270	549	133
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	50	35
TISCO Insurance Solution Co., Ltd.	Insurance broker	Ordinary shares	Ordinary shares	99.99	99.99	137	137	385	390
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	18	30
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	200	700	-	-
						<u>20,105</u>	<u>20,105</u>	<u>5,878</u>	<u>5,259</u>
						(109)	(109)		
Less: Allowance for impairment						<u>19,996</u>	<u>19,996</u>		
Investments in subsidiaries - net									

3.5.2 Investment in joint venture

a) Details of investment in joint venture

Investment in joint venture represents investment in an entity which is jointly controlled by the Company and another company. Details of this investment are as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding percentage as at 31 December		Cost as at 31 December		Carrying amounts based on equity method as at 31 December	
		2019 (%)	2018 (%)	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	813,602	800,151

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at 31 December		Cost as at 31 December		Allowance for impairment of investment as at 31 December		Carrying amounts based on cost method - net as at 31 December	
		2019 (%)	2018 (%)	2019	2018	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of comprehensive income and dividend received

During the year, the Company recognised its share of comprehensive income from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the years ended 31 December		Share of other comprehensive income from investment in joint venture for the years ended 31 December		Dividend received for the years ended 31 December	
	2019	2018	2019	2018	2019	2018
TISCO Tokyo Leasing Co., Ltd.	12,108	222,708	1,342	3,517	-	-

c) Summarised financial information about material joint venture

The Company holds a 49% interest in TISCO Tokyo Leasing Co., Ltd, which is a joint venture operating a leasing business, and accounts for this investment in the consolidated financial statements using the equity method. Summary of financial information of the jointly controlled entity is presented as follows:

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December	
	2019	2018
Total assets	8,036	9,439
Total liabilities	(6,014)	(7,433)
Non-controlling interests of the subsidiary	(361)	(372)
Net assets	1,661	1,634
The Company's proportion of shareholding	49%	49%
Carrying amounts of joint venture based on equity method	814	800

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 31 December	
	2019	2018
Total revenues	343	862
Total expenses	(315)	(282)
Profit before income tax expenses	28	580
Tax benefit (Income tax expenses)	19	(89)
Non-controlling interests of the subsidiary	(22)	(36)
Profit for the year	25	455
Other comprehensive income	3	7
Total comprehensive income	28	462

d) Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Cross currency and interest rate swap agreements	20	300

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by type of loans to customers

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Loans to customers		
Overdrafts	107,811	369,084
Loans	103,448,283	98,933,065
Hire purchase receivables	160,003,772	161,733,691
Finance lease receivables	17,904	53,970
Less: Deferred revenue	(20,743,017)	(20,402,559)
Advances received from finance lease receivables	(8,613)	(32,911)
Total loans to customers	242,826,140	240,654,340
Add: Accrued interest receivables	1,240,929	642,526
Less: Allowance for doubtful accounts	(10,709,365)	(11,665,492)
Allowance for loss on debt restructuring	(7,343)	(8,146)
Loans to customers and accrued interest receivables - net	233,350,361	229,623,228

	(Unit: Thousand Baht)	
	Separate financial statements as at 31 December	
	2019	2018
Loans to customers		
Loans	2,210,000	2,075,000
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	2,210,000	2,075,000

3.6.2 Classified by currency and residency of debtors

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	234,690,878	7,218,218	241,909,096	233,094,849	6,841,740	239,936,589
US Dollars	-	917,044	917,044	-	717,751	717,751
Total loans to customers net of deferred revenue	234,690,878	8,135,262	242,826,140	233,094,849	7,559,491	240,654,340

(Unit: Thousand Baht)						
Separate financial statements as at 31 December						
Baht	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	2,210,000	-	2,210,000	2,075,000	-	2,075,000
Total loans to customers net of deferred revenue	2,210,000	-	2,210,000	2,075,000	-	2,075,000

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)								
Consolidated financial statements as at 31 December 2019								
	Subsidiary company operating a banking business						Other subsidiaries	Total
	Special			Doubtful				
	Pass	mention	Sub-standard	Doubtful	of loss	Total		
Agricultural and mining	506,861	65,464	18,644	6,968	2,180	600,117	-	600,117
Manufacturing and commerce	18,944,842	995,617	342,648	46,352	125,167	20,454,626	-	20,454,626
Real estate and construction	16,689,736	174,199	44,311	14,349	13,733	16,936,328	-	16,936,328
Public utilities and services	24,076,894	305,099	52,129	102,864	27,543	24,564,529	-	24,564,529
Personal consumption								
Hire purchase	107,513,972	10,691,529	1,642,732	720,582	71,354	120,640,169	4,612,330	125,252,499
Loan against auto license	25,339,469	2,778,907	361,650	185,192	69,411	28,734,629	48,336	28,782,965
Housing loans	13,375,869	445,313	288,192	193,360	503,448	14,806,182	-	14,806,182
Others	10,203,880	766,037	176,812	139,591	142,574	11,428,894	-	11,428,894
Total loans to customers	216,651,523	16,222,165	2,927,118	1,409,258	955,410	238,165,474	4,660,666	242,826,140
Add: Accrued interest receivables	837,167	269,124	587	66	33	1,106,977	133,952	1,240,929
Total loans to customers and accrued interest receivables	217,488,690	16,491,289	2,927,705	1,409,324	955,443	239,272,451	4,794,618	244,067,069

(Unit: Thousand Baht)								
Consolidated financial statements as at 31 December 2018								
	Subsidiary company operating a banking business						Other subsidiaries	Total
	Special			Doubtful				
	Pass	mention	Sub-standard	Doubtful	of loss	Total		
Agricultural and mining	538,998	88,335	31,161	14,373	1,901	674,768	-	674,768
Manufacturing and commerce	20,749,893	1,427,083	181,499	81,825	86,390	22,526,690	-	22,526,690
Real estate and construction	11,328,190	204,335	57,126	22,448	26,633	11,638,732	-	11,638,732
Public utilities and services	24,434,715	377,707	84,322	51,388	62,892	25,011,024	-	25,011,024
Personal consumption								
Hire purchase	110,267,625	10,439,773	1,598,997	784,555	491,511	123,582,461	4,038,069	127,620,530
Loan against auto license	21,360,877	2,588,898	849,756	213,952	39,002	25,052,485	5,328	25,057,813
Housing loans	15,889,780	625,324	278,532	224,047	563,419	17,581,102	-	17,581,102
Others	9,198,444	781,902	274,733	143,878	144,724	10,543,681	-	10,543,681
Total loans to customers	213,768,522	16,533,357	3,356,126	1,536,466	1,416,472	236,610,943	4,043,397	240,654,340
Add: Accrued interest receivables	424,610	173,134	-	-	519	598,263	44,263	642,526
Total loans to customers and accrued interest receivables	214,193,132	16,706,491	3,356,126	1,536,466	1,416,991	237,209,206	4,087,660	241,296,866

3.6.4 Classified by loan classification of a subsidiary company operating a banking business

(Unit: Million Baht)

	As at 31 December					
	2019			2018		
	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ ₍₂₎	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts ⁽¹⁾ ₍₂₎
Provision under BOT's guideline						
- Pass	217,489	175,206	2,438	214,194	178,483	2,512
- Special mention	16,491	15,191	2,352	16,706	15,096	3,194
- Sub-standard	2,928	2,389	1,037	3,356	3,073	1,269
- Doubtful	1,409	1,178	481	1,536	1,315	586
- Doubtful of loss	955	321	203	1,417	817	531
Allowance established in excess	-	-	3,563	-	-	2,951
Total	239,272	194,285	10,074	237,209	198,784	11,043

⁽¹⁾ Allowance for doubtful accounts for loans to customers is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase and finance lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ As at 31 December 2019, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor. 5/2559 minimum requirement by a total of Baht 5,714 million (As at 31 December 2018: total of Baht 6,428 million). TISCO Bank allocated Baht 2,151 million of the excess provision to specific provision for individual debtors (As at 31 December 2018: total of Baht 3,477 million) and so combined with the minimum provision requirement of Baht 4,360 million (As at 31 December 2018: total of Baht 4,615 million), the total provision set aside in accordance with BOT's requirements is Baht 6,511 million (As at 31 December 2018: total of Baht 8,092 million).

	Percentage of allowance for doubtful accounts set up (%)					
	Hire purchase receivables ⁽¹⁾		Loan against auto license receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December		As at 31 December	
	2019	2018	2019	2018	2019	2018
Pass	0.72	0.83	1.87	1.43	1	1
Special mention	7.64	11.56	17.25	16.80	2	2
Sub-standard	26.35	26.59	39.13	37.75	100	100
Doubtful	31.89	26.60	39.13	37.75	100	100
Doubtful of loss	26.21	27.67	39.13	37.75	100	100

⁽¹⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽²⁾ These percentages are the rates used to set aside allowance for doubtful accounts in accordance with the BOT's minimum requirement.

3.6.5 Hire purchase and finance lease receivables

As at 31 December 2019, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 139,459 million (31 December 2018: Baht 141,531 million) and mostly comprise hire purchase agreements for cars and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 8 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	48,905	96,165	7,412	7,540	160,022
Less: Deferred revenue ⁽¹⁾	(6,776)	(9,250)	(325)	(4,203)	(20,554)
Advances received from finance lease receivables	(9)	-	-	-	(9)
Present value of minimum lease pay from agreements	42,120	86,915	7,087	3,337	139,459
Allowance for doubtful accounts ⁽²⁾					(3,167)
Net hire purchase and finance lease receivables					136,292

⁽¹⁾ Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	50,480	96,776	6,502	8,030	161,788
Less: Deferred revenue ⁽¹⁾	(6,878)	(8,926)	(277)	(4,143)	(20,224)
Advances received from finance lease receivables	(24)	(9)	-	-	(33)
Present value of minimum lease pay from agreements	43,578	87,841	6,225	3,887	141,531
Allowance for doubtful accounts ⁽²⁾					(3,835)
Net hire purchase and finance lease receivables					137,696

⁽¹⁾ Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has been ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2019	2018	2019	2018
Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	6,816	8,040	7,588	8,618

⁽¹⁾ These amounts are calculated on an account by account basis.⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

(Unit: Million Baht)

Other subsidiaries	As at 31 December	
	2019	2018
Hire purchase receivables, finance lease receivables and other loan receivables for which the recognition of interest income has been ceased	605	615

3.6.7 Deferred revenue which is presented as a deduction against loans to customers of subsidiary companies

	(Unit: Million Baht)	
	Consolidated financial statements	
	as at 31 December	
	2019	2018
Deferred revenue ⁽¹⁾	20,743	20,403

⁽¹⁾ These amounts include deferred revenue of hire purchase and finance lease contracts which are stated net of commissions and direct expenses incurred at the initiation of hire purchase.

3.6.8 Troubled debt restructuring of the subsidiary company operating a banking business

	For the years ended 31 December	
	2019	2018
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	1,053	1,161
Loan balances before restructuring (Million Baht)	344	928
Loan balances after restructuring (Million Baht)	346	926
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	4	4
Mortgage loan receivables	5	4
Loan against auto license receivables	4	5
Commercial lending receivables	6	6

Supplemental information for the years ended 31 December 2019 and 2018 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2019	2018
Interest income on restructured receivables	173	273
Receipt of principal and interest	1,138	1,541

As at 31 December 2019 and 2018, the subsidiary company operating a banking business has the outstanding balances with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at 31 December			
	2019		2018	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	10,615	2,109	14,261	3,176

3.7 Allowance for doubtful accounts/allowance for loss on debt restructuring

3.7.1 Allowance for doubtful accounts - classified by receivables classification

	(Unit: Thousand Baht)						
	Consolidated financial statements as at 31 December 2019						
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	2,656,402	3,283,511	1,376,962	670,853	612,847	3,064,917	11,665,492
Increase (decrease) in allowance for doubtful accounts during the year	(11,252)	(788,633)	(96,469)	1,572,636	1,798,267	498,055	2,972,604
Bad debts written-off	(845)	(25,767)	(98,121)	(1,643,671)	(2,160,327)	-	(3,928,731)
Balance - end of year	2,644,305	2,469,111	1,182,372	599,818	250,787	3,562,972	10,709,365

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2018

	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,608,773	3,677,986	996,640	488,633	473,173	2,201,961	11,447,166
Increase (decrease) in allowance for doubtful accounts during the year	(799,957)	(354,990)	761,179	1,556,488	2,872,834	862,956	4,898,510
Bad debts written-off	(10,266)	(30,732)	(305,846)	(1,373,488)	(2,733,124)	-	(4,453,456)
Transfer out from sales of receivables	(142,148)	(8,753)	(75,011)	(780)	(36)	-	(226,728)
Balance - end of year	2,656,402	3,283,511	1,376,962	670,853	612,847	3,064,917	11,665,492

3.7.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2019

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,682,409	4,918,166	3,064,917	11,665,492
Increase (decrease) in allowance for doubtful accounts during the year	(421,657)	2,896,206	498,055	2,972,604
Bad debts written-off	(468,369)	(3,460,362)	-	(3,928,731)
Balance - end of year	2,792,383	4,354,010	3,562,972	10,709,365

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2018

	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	4,548,613	4,696,592	2,201,961	11,447,166
Increase in allowance for doubtful accounts during the year	1,249,326	2,786,228	862,956	4,898,510
Bad debts written-off	(2,021,999)	(2,431,457)	-	(4,453,456)
Transfer out from sales of receivables	(93,531)	(133,197)	-	(226,728)
Balance - end of year	3,682,409	4,918,166	3,064,917	11,665,492

3.7.3 Allowance for loss on debt restructuring of the subsidiary company operating a banking business

(Unit: Thousand Baht)

As at 31 December

	2019	2018
Balance - beginning of year	8,146	8,948
Increase during the year	-	-
Amortisation during the year	(803)	(802)
Balance - end of year	7,343	8,146

3.7.4 Non-performing loans to customers of the subsidiary company operating a banking business

(Unit: Million Baht)

As at 31 December

	2019	2018
Non-performing loans to customers	5,292	6,309
Allowance for doubtful accounts ⁽¹⁾	1,721	2,386

⁽¹⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8 Classification of assets

3.8.1 Investments in companies with weak financial position and poor operating results of the subsidiary company operating a banking business

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1

⁽¹⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

3.8.2 Classification of assets under the Bank of Thailand's guidelines of the subsidiary company operating a banking business.

As at 31 December 2019 and 2018, the quality of assets of the subsidiary company operating a banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customers ⁽¹⁾		Investments in securities		Investments in receivables		Properties foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Pass	258,452	264,469	-	-	-	-	-	-	258,452	264,469
Special mention	16,222	16,533	-	-	-	-	-	-	16,222	16,533
Sub-standard	2,927	3,356	-	-	-	-	-	-	2,927	3,356
Doubtful	1,409	1,536	-	-	-	-	-	-	1,409	1,536
Doubtful of loss	955	1,417	42	36	12	13	-	12	1,009	1,478
Total	279,965	287,311	42	36	12	13	-	12	280,019	287,372

⁽¹⁾ Loans to customers include investments in debt securities under resale agreements of other commercial banks and loans to financial institutions (which are presented as part of interbank and money market items-net (assets) in the statement of financial position).

3.8.3 Classification of assets under the Bank of Thailand's guidelines for which the subsidiary company operating a banking business sets aside provision using a collective approach

3.8.3.1 Hire purchase receivables

(Unit: Million Baht)

	Debt balance		Net amount used for setting up allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful accounts setup ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
Pass	120,479	122,837	120,479	122,837	(%)	(%)	867	1,018
Special mention	11,569	11,319	11,569	11,319	0.72	0.83	883	1,309
Sub-standard	1,817	1,811	1,817	1,811	7.64	11.56	479	481
Doubtful	860	900	860	900	26.35	26.59	274	239
Doubtful of loss	121	614	121	614	31.89	26.60	32	170
Total	134,846	137,481	134,846	137,481	26.21	27.67	2,535	3,217

⁽¹⁾ The subsidiary company operating a banking business does not deduct the collateral value from the outstanding loan balance for calculation of allowance for doubtful accounts for hire purchase receivables.

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽³⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8.3.2 Loan against auto license receivables

(Unit: Million Baht)

	Debt balance as at 31 December		Net amount used for setting up allowance for doubtful accounts as at 31 December		Percentage of allowance for doubtful accounts set up ⁽¹⁾ as at 31 December		Allowance for doubtful accounts ⁽²⁾ as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
					(%)	(%)		
Pass	26,640	22,835	26,640	22,835	1.87	1.43	497	327
Special mention	2,965	2,816	2,965	2,816	17.25	16.80	511	473
Sub-standard	391	923	391	923	39.13	37.75	153	348
Doubtful	200	236	200	236	39.13	37.75	78	89
Doubtful of loss	79	45	79	45	39.13	37.75	31	17
Total	30,275	26,855	30,275	26,855			1,270	1,254

⁽¹⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽²⁾ These amounts of allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

3.8.4 Hire purchase receivables/finance lease receivables and other loan receivables of other subsidiaries classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Debt balance as at 31 December		Allowance for doubtful accounts as at 31 December		Debt balance - net as at 31 December	
	2019	2018	2019	2018	2019	2018
Pass	3,517	2,960	206	138	3,311	2,822
Special mention	601	516	117	188	484	328
Sub-standard	249	201	145	108	104	93
Doubtful	209	163	119	85	90	78
Doubtful of loss	84	203	48	103	36	100
Total	4,660	4,043	635	622	4,025	3,421

3.8.5 Loans to customers with weak financial position and poor operating results of the subsidiary company operating a banking business

	Number of debtors as at 31 December		Debt balance as at 31 December		Collateral value as at 31 December		Allowance for doubtful accounts provided in the accounts ⁽²⁾ as at 31 December	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1.Listed companies vulnerable to delisting from the SET ⁽¹⁾	1	1	513	578	467	531	513 ⁽³⁾	578 ⁽³⁾
2.Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	8	11	862	1,315	236	293	10	50
3.Listed companies under rehabilitation	-	-	-	-	-	-	-	-
4.Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	9	12	1,375	1,893	703	824	523	628

⁽¹⁾ The company is currently under rehabilitation.

⁽²⁾ This allowance for doubtful accounts includes the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for individual debtors.

⁽³⁾ This allowance for doubtful accounts includes the allowance for loss on debt restructuring.

3.9 Properties foreclosed

		(Unit: Thousand Baht)	
		Consolidated financial statements as at 31 December	
		2019	2018
Acquisition of assets from debt repayment			
Immovable assets			
<u>Appraisal by an internal appraiser</u>			
Balance - beginning of year		11,713	11,713
Disposals		(11,713)	-
Balance - end of year		-	11,713
Movable assets			
Balance - beginning of year		11,015	5,700
Additions		3,052,506	2,987,632
Disposals		(3,044,815)	(2,982,317)
Balance - end of year		18,706	11,015
Total properties foreclosed		18,706	22,728
Less: Allowance for impairment			
Balance - beginning of year		11,871	12,139
Increase		553	851
Decrease		(12,147)	(1,119)
Balance - end of year		277	11,871
Total properties foreclosed - net		18,429	10,857

3.10 Investment properties

The book value of investment properties as at 31 December 2019 and 2018 is as follows:

		(Unit: Thousand Baht)	
		Consolidated financial statements as at 31 December	Separate financial statements as at 31 December
		2019	2018
Book value - beginning of year		39,388	32,396
Transfer type of asset		(8,062)	-
Gain (loss) from fair value adjustment		(1,022)	6,992
Book value - end of year		30,304	39,388
		831,043	834,503
		124,223	-
		-	(3,460)
		955,266	831,043

The investment property of the Company and its subsidiaries is an office condominium for rent and is stated at its fair value at the end of 2019. The fair value of investment properties is calculated using the asset appraisal method based on the market approach, which makes reference to data on assets in the market that are similar and comparable to the appraised assets. These valuations were made by an internal professional appraiser of TISCO Bank that comply with valuation standards.

Key assumptions that are unobservable inputs used in the valuation are summarised below.

		Consolidated financial statements as at 31 December 2019	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)		23,500 and 139,951	Increase in fair value
		Separate financial statements as at 31 December 2019	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)		82,960 - 103,700	Increase in fair value

3.11 Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation basis	Cost basis				Total
	Office condominium and building improvements	Land	Building and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	
Cost:						
As at 1 January 2018	2,585,856	17,509	697,734	1,153,761	156,800	4,611,660
Additions/transfers in	2,747	-	69,109	99,328	24,099	195,283
Disposals/written-off/transfers out	(2,495)	-	(20,008)	(69,493)	(16,587)	(108,583)
Transfer accumulated depreciation to deduct cost	(496,631)	-	-	-	-	(496,631)
Surplus on revaluation	387,623	-	-	-	-	387,623
As at 31 December 2018	2,477,100	17,509	746,835	1,183,596	164,312	4,589,352
Additions/transfers in	11,679	-	82,629	102,871	20,518	217,697
Disposals/written-off/transfers out	-	-	(29,000)	(71,472)	(10,747)	(111,219)
As at 31 December 2019	2,488,779	17,509	800,464	1,214,995	174,083	4,695,830
Accumulated depreciation:						
As at 1 January 2018	439,345	-	535,418	906,380	77,322	1,958,465
Depreciation for the year	57,286	-	57,280	86,567	22,624	223,757
Transfer accumulated depreciation to deduct cost	(496,631)	-	-	-	-	(496,631)
Depreciation on disposals/written-off/ transfers out	-	-	(6,866)	(65,276)	(16,326)	(88,468)
As at 31 December 2018	-	-	585,832	927,671	83,620	1,597,123
Depreciation for the year	32,704	-	61,317	97,468	25,418	216,907
Depreciation on disposals/written-off/ transfers out	-	-	(23,459)	(68,192)	(10,701)	(102,352)
As at 31 December 2019	32,704	-	623,690	956,947	98,337	1,711,678
Net book value:						
As at 31 December 2018	2,477,100	17,509	161,003	255,925	80,692	2,992,229
As at 31 December 2019	2,456,075	17,509	176,774	258,048	75,746	2,984,152
Depreciation for the years ended 31 December:						
2018						223,757
2019						216,907

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis	Cost basis		
	Office condominium and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	Total
Cost:				
As at 1 January 2018	745,417	396,986	66,693	1,209,096
Additions/transfers in	1,170	52,772	18,665	72,607
Disposals/written-off/transfers out	(2,348)	(3,591)	(2,414)	(8,353)
Transfer accumulated depreciation to deduct cost	(93,333)	-	-	(93,333)
Surplus on revaluation	106,651	-	-	106,651
As at 31 December 2018	757,557	446,167	82,944	1,286,668
Additions/transfers in	755	45,695	8,481	54,931
Disposals/written-off/transfers out	(128,590)	(30,471)	(3,702)	(162,763)
As at 31 December 2019	629,722	461,391	87,723	1,178,836
Accumulated depreciation:				
As at 1 January 2018	71,087	250,967	22,487	344,541
Depreciation for the year	22,246	50,212	11,292	83,750
Transfer accumulated depreciation to deduct cost	(93,333)	-	-	(93,333)
Depreciation on disposals/written-off/transfers out	-	(3,590)	(2,414)	(6,004)
As at 31 December 2018	-	297,589	31,365	328,954
Depreciation for the year	10,883	56,260	14,106	81,249
Depreciation on disposals/written-off/transfers out	(74)	(27,970)	(3,702)	(31,746)
As at 31 December 2019	10,809	325,879	41,769	378,457
Net book value:				
As at 31 December 2018	757,557	148,578	51,579	957,714
As at 31 December 2019	618,913	135,512	45,954	800,379
Depreciation for the years ended 31 December:				
2018				83,750
2019				81,249

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium in 2018, using the market approach.

Had the office condominiums been carried in the financial statements based on cost model, their net book value as at 31 December 2019 and 2018 would have been as follows:

	Consolidated financial statements as at 31 December		(Unit: Thousand Baht) Separate financial statements as at 31 December	
	2019	2018	2019	2018
Office condominiums - net of accumulated depreciation	992,895	1,021,651	256,597	373,901
Key assumptions that are unobservable inputs used in the valuation are summarised below.				
	Consolidated financial statements as at 31 December 2019		Result to fair value where as an increase in assumption value	
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475		Increase in fair value	
	Separate financial statements as at 31 December 2019		Result to fair value where as an increase in assumption value	
Estimated office condominium price rate (Baht/Sq.m.)	88,145 - 103,700		Increase in fair value	

3.12 Intangible assets

The book value of intangible assets as at 31 December 2019 and 2018 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	Computer software	Computer software
As at 31 December 2019:		
Cost	1,600,388	572,577
Less: Accumulated amortisation	(1,270,928)	(448,368)
Net book value	329,460	124,209
As at 31 December 2018:		
Cost	1,554,441	544,565
Less: Accumulated amortisation	(1,106,219)	(385,034)
Net book value	448,222	159,531

A reconciliation of the net book value of intangible assets for the years ended 31 December 2019 and 2018 is presented as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Net book value at beginning of year	448,222	537,696	159,531	182,482
Acquisitions of computer software	46,891	79,132	27,518	47,267
Transfer in of computer software	520	-	520	-
Written-off/disposals of computer software	(1,119)	(1,606)	(22)	-
Amortisation	(165,054)	(167,000)	(63,338)	(70,218)
Net book value at end of year	329,460	448,222	124,209	159,531

As at 31 December 2019 and 2018, the Company and its subsidiaries have computer software which has been fully amortised but is still in use with the gross carrying amount, before deducting accumulated amortisation, of approximately Baht 846 million and Baht 717 million, respectively (The Company only: Baht 336 million and Baht 214 million, respectively).

3.13 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2019	2018	2019	2018
Receivable from clearing house	605	114,611	-	-
Value added tax - net	398,298	571,227	3,796	3,300
Accrued interest receivables	11,333	20,365	-	-
Fee and service receivables	653,250	346,994	119,933	124,128
Refundable income tax and prepaid income tax	23,769	35,156	-	-
Deposits	86,299	81,170	2,095	2,118
Other receivables	886,689	835,721	365	-
Other assets	440,937	404,043	70,523	37,437
Total other assets	2,501,180	2,409,287	196,712	166,983

3.14 Deposits

3.14.1 Classified by type of deposits

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Deposits		
Current accounts	2,638,324	2,483,555
Savings accounts	37,801,616	54,683,842
Fixed accounts		
- not over 6 months	19,248,789	16,081,571
- over 6 months but not over 1 year	33,399,669	20,441,879
- over 1 year	3,912,418	3,551,294
Certificates of deposit/negotiable certificates of deposit	119,083,735	95,866,169
Total	216,084,551	193,108,310

3.14.2 Classified by the remaining years of contract

	(Unit: Thousand Baht)	
	Consolidated financial statements as at 31 December	
	2019	2018
Not over 1 year ⁽¹⁾	215,390,186	189,170,624
Over 1 year	694,365	3,937,686
Total deposits	216,084,551	193,108,310

⁽¹⁾ Including fully-mature deposit contracts

3.14.3 As at 31 December 2019 and 2018, all outstanding deposits are deposits from domestic depositors and are in Baht.

3.15 Interbank and money market items (liabilities)

	(Unit: Thousand Baht)					
	Consolidated financial statements as at 31 December					
	2019			2018		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	56,084	990,000	1,046,084	97,708	1,050,000	1,147,708
Specialised Financial Institutions	-	2,535,990	2,535,990	-	2,287,710	2,287,710
Other financial institutions	229,591	844,468	1,074,059	421,756	517,500	939,256
Total	285,675	4,370,458	4,656,133	519,464	3,855,210	4,374,674

3.16 Debts issued and borrowings

	(Unit: Thousand Baht)			
	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2019	2018	2019	2018
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,680,000	6,680,000	-	-
Unsubordinated unsecured debentures	18,300,000	43,000,000	6,300,000	-
Bills of exchange	36,122	5,876,122	-	5,840,000
Promissory notes	797	797	-	-
Total	25,016,919	55,556,919	6,300,000	5,840,000

3.16.1 Subordinated unsecured debentures

As at 31 December 2019 and 2018, the subsidiary company operating a banking business has long-term subordinated unsecured debentures as follows:

Issued year	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
	2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2014	-	1.60	1,000	-	1,600	2024	6.00 percent per annum
2014	-	0.80	1,000	-	800	2024	6.00 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
2016	0.68	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
2019	1.20	-	1,000	1,200	-	2029	4.00 percent per annum
2019	1.20	-	1,000	1,200	-	2029	4.00 percent per annum
Total				6,680	6,680		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2019 and 2018, the Company and its subsidiary have short-term and long-term unsubordinated unsecured debentures as follows:

Consolidated financial statements

Issued year	Type of debentures	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
		2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2016	Long-term debenture	-	10.00	1,000	-	10,000	2019	1.85 - 1.95 percent per annum
2017	Long-term debenture	-	13.00	1,000	-	13,000	2019	1.75 - 1.85 percent per annum
2018	Long-term debenture	-	8.00	1,000	-	8,000	2019	1.68 - 1.75 percent per annum
2018	Long-term debenture	12.00	12.00	1,000	12,000	12,000	2020	1.65 - 2.05 percent per annum
2019	Short-term debenture	6.30	-	1,000	6,300	-	2020	1.50 - 1.85 percent per annum
Total					18,300	43,000		

Separate financial statements

Issued year	Type of debentures	Units as at 31 December		Face value per unit (Baht)	Balance as at 31 December		Maturity in the year	Interest rate
		2019 (Million units)	2018 (Million units)		2019 (Million Baht)	2018 (Million Baht)		
2019	Short-term debenture	6.30	-	1,000	6,300	-	2020	1.50 - 1.85 percent per annum
Total					6,300	-		

3.16.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and bear interest at a fixed rate of 2.50 percent per annum.

3.17 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, as at 31 December 2019 and 2018 is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2019	2018
Defined post-employment benefit obligation at beginning of year	659,719	575,796
Current service cost	72,855	46,464
Interest cost	24,672	17,326
Past service cost	213,412	-
Benefits paid during the year	(24,619)	(36,810)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	169,837	(2,903)
Financial assumptions changes	161,618	33,387
Other assumptions changes	(42,880)	26,459
Defined post-employment benefit obligation at end of year	1,234,614	659,719
Other long-term benefits	251,254	167,723
Total provision for long-term employee benefits at end of year	1,485,868	827,442

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2019	2018
Defined post-employment benefit obligation at beginning of year	155,960	134,134
Current service cost	12,189	8,410
Interest cost	4,844	3,675
Past service cost	49,486	-
Benefits paid during the year	(1,867)	(19,769)
Included in other comprehensive income:		
Actuarial (gains) losses arising from		
Demographic assumptions changes	29,652	(700)
Financial assumptions changes	35,796	27,710
Other assumptions changes	(44,821)	2,500
Defined post-employment benefit obligation at end of year	241,239	155,960
Other long-term benefits	24,658	21,026
Total provision for long-term employee benefits at end of year	265,897	176,986

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Current service cost	93,966	65,148	14,148	10,335
Interest cost	28,688	21,051	5,293	4,134
Past service cost	213,412	-	49,486	-
Actuarial (gains) losses	70,833	(3,061)	3,251	(183)
Total employee benefit expenses	406,899	83,138	72,178	14,286

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2019 and 2018 amounted to Baht 510 million and Baht 279 million, respectively (The Company only: Baht 99 million and Baht 82 million, respectively).

As at 31 December 2019 and 2018, the Company and its subsidiaries expect to pay long-term employee benefits during the next year of Baht 120 million and Baht 40 million, respectively (The Company only: Baht 44 million and Baht 18 million, respectively).

As at 31 December 2019 and 2018, the weighted average duration of the liabilities for long-term employee benefits are 16 years and 19 years, respectively (The Company only: 12 years and 15 years, respectively).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		(Unit: Percent per annum) Separate financial statements	
	As at 31 December		As at 31 December	
	2019	2018	2019	2018
Discount rate	1.25 - 2.25	1.72 - 4.02	1.25 - 2.19	1.72 - 4.02
Average salary increase rate	5.00	5.00	5.00	5.00

The results of sensitivity analysis for significant assumptions that affect the present value of the employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements as at 31 December			
	2019		2018	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(34,429)	35,962	(22,763)	20,144
Average salary increase rate	34,780	(33,498)	19,709	(22,460)

	(Unit: Thousand Baht) Separate financial statements as at 31 December			
	2019		2018	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(4,219)	4,365	(3,550)	3,686
Average salary increase rate	4,216	(4,098)	3,608	(3,493)

3.18 Other liabilities

	Consolidated financial statements as at 31 December		(Unit: Thousand Baht) Separate financial statements as at 31 December	
	2019	2018	2019	2018
Payable to clearing house	338,821	60,565	-	-
Withholding income tax and other tax payables	528,570	477,062	88,931	127,572
Accrued insurance premium	678,209	638,693	-	-
Deferred income	1,642,236	1,464,621	-	-
Accrued expenses	4,259,596	3,876,110	1,360,474	1,353,893
Suspense creditors	1,014,778	1,082,473	-	-
Other liabilities	357,937	360,541	92	97
Total other liabilities	8,820,147	7,960,065	1,449,497	1,481,562

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts the Company's operation results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2019 and 2018, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 1,014 million and Baht 859 million, respectively (The Company only: Baht 497 million and Baht 419 million, respectively).

3.19 Capital funds

The primary objectives of TISCO Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and others in accordance with the regulations of the Bank of Thailand or relevant regulatory agencies.

TISCO Group maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, loan against auto license receivables, corporate lending, car inventory financing loans, equity exposure and other assets.

Regarding Capital fund as at 31 December 2019 and 2018, Financial Business Group has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under BOT's regulation.

Capital funds of the Financial Business Group (under Basel III principles) are as follows:

(Unit: Thousand Baht)		
As at 31 December		
	2019	2018
<u>Common Equity Tier I capital</u>		
Issued and paid-up share capital	8,006,456	8,006,456
Premium on share capital	1,018,408	1,018,408
Statutory reserve	801,000	801,000
Net profits after appropriation	20,512,152	19,122,322
Other components of equity	1,810,937	1,458,770
Less: Deductions from Common Equity Tier I items	(1,753,842)	(1,581,233)
Total Common Equity Tier I capital	30,395,111	28,825,723
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
Total Tier I capital	30,395,210	28,825,822
<u>Tier II capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	769,245	682,051
Reserve for loans classified as pass	717,550	729,829
Total Tier II capital	8,166,795	8,091,880
Total capital funds	38,562,005	36,917,702

(Unit: Percent)				
As at 31 December				
	2019		2018	
Capital fund ratios	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	16.38	7.00	16.75	6.375
Tier I capital to risk assets	16.38	8.50	16.75	7.875
Total capital to risk assets	20.78	11.00	21.46	10.375

Capital funds of the TISCO Bank (under Basel III principles) are as follows:

(Unit: Thousand Baht)		
As at 31 December		
	2019	2018
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	17,277,459	15,959,967
Other components of equity	304,899	197,999
Less: Deductions from Common Equity Tier I items	(1,080,464)	(972,378)
Total Common Equity Tier I capital	29,244,594	27,928,288
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	29,244,595	27,928,289
<u>Tier II Capital</u>		
Long-term subordinated debentures	6,680,000	6,680,000
Surplus of provision	749,945	664,553
Reserve for loans classified as pass	542,598	571,301
Total Tier II capital	7,972,543	7,915,854
Total capital funds	37,217,138	35,844,143

(Unit: Percent)				
As at 31 December				
Capital fund ratios	2019		2018	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	17.37	7.00	17.85	6.375
Tier I capital to risk assets	17.37	8.50	17.85	7.875
Total capital to risk assets	22.10	11.00	22.91	10.375

To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding "Public Disclosure of Capital Maintenance for Financial Business Group", the Company will disclose capital maintenance information of the Financial Business Group as at 31 December 2019 on its website (www.tisco.co.th) within April 2020.

3.20 Surplus (deficit) on valuation in available-for-sale investments

(Unit: Thousand Baht)		
Consolidated financial statements		
as at 31 December		
	2019	2018
Balance - beginning of year	(88,532)	144,500
Increase (decrease) from changes in value of investments during the year	74,272	(233,032)
	(14,260)	(88,532)
Less: The effect of deferred tax liabilities	(17,384)	(2,530)
Balance - end of year	(31,644)	(91,062)

(Unit: Thousand Baht)		
Separate financial statements		
as at 31 December		
	2019	2018
Balance - beginning of year	(62,026)	20,572
Increase (decrease) from changes in value of investments during the year	114,260	(82,598)
	52,234	(62,026)
Less: The effect of deferred tax assets (liabilities)	(10,447)	12,405
Balance - end of year	41,787	(49,621)

3.21 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2019	2018
Balance - beginning of year	1,455,449	1,099,106
Revaluation	-	387,623
Transfer to retained earnings	(4,439)	(31,280)
	1,451,010	1,455,449
Less: The effect of deferred tax liabilities	(290,298)	(291,089)
Balance - end of year	1,160,712	1,164,360

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2019	2018
Balance - beginning of year	383,656	281,231
Revaluation	-	106,651
Transfer to retained earnings	(790)	(4,226)
	382,866	383,656
Less: The effect of deferred tax liabilities	(76,572)	(76,731)
Balance - end of year	306,294	306,925

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

3.22 Interest income

Interest income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Interbank and money market items	575,858	706,371
Investments in debt securities	232,414	202,092
Loans to customers	8,047,674	8,090,394
Hire purchase and finance lease	9,025,261	8,691,419
Total interest income	17,881,207	17,690,276

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Interbank and money market items	6,951	6,164
Investments in debt securities	3,815	2,424
Loans to customers	49,892	58,705
Total interest income	60,658	67,293

3.23 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Deposits	3,242,249	2,602,009
Interbank and money market items	28,431	28,988
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	1,062,716	1,113,755
Issued debt securities		
- Subordinated debentures	275,075	320,050
- Unsubordinated debentures	467,063	920,290
Borrowings	13,264	90,415
Total interest expenses	5,088,798	5,075,507

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Interbank and money market items	127	1
Issued debt securities		
- Unsubordinated debentures	73,630	-
Borrowings	12,352	89,469
Total interest expenses	86,109	89,470

3.24 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2019	2018
Fee and service income		
- Acceptance, aval and guarantees	5,271	6,135
- Insurance service	3,129,050	2,857,353
- Brokerage fees	718,042	834,107
- Fund management	1,527,632	1,262,244
- Others	1,130,977	1,379,254
Total fee and service income	6,510,972	6,339,093
Fee and service expenses		
- Information service expenses	(14,885)	(15,213)
- Others	(310,869)	(228,453)
Total fee and service expenses	(325,754)	(243,666)
Net fee and service income	6,185,218	6,095,427

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2019	2018
Fee and service income	-	-
Fee and service expenses	(17,175)	(17,857)
Net fee and service income	(17,175)	(17,857)

3.25 Net gains (losses) on trading and foreign exchange transactions

Net gains (losses) on trading and foreign exchange transactions in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		For the years ended 31 December	
		2019	2018
Gains (losses) on trading and foreign exchange transactions			
- Foreign currencies and derivatives on foreign exchange		(58,331)	(7,307)
- Derivatives on interest rates		(2)	(1,926)
- Debt securities		34,294	15,641
- Others		(188)	(69)
Net gains (losses) on trading and foreign exchange transactions		(24,227)	6,339
		(Unit: Thousand Baht)	
		Separate financial statements	
		For the years ended 31 December	
		2019	2018
Losses on trading and foreign exchange transactions			
- Foreign currencies		(59,493)	(6,700)
Net losses on trading and foreign exchange transactions		(59,493)	(6,700)

3.26 Net gains on investments

Net gains on investments in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		For the years ended 31 December	
		2019	2018
Gains on disposal			
- Available-for-sale investments		703	57,411
- Held-to-maturity debt securities		9,880	8,331
- General investments		1,918	429,525
Total		12,501	495,267
Reversal of allowance for losses (losses) on impairment			
- General investments		(5,684)	1,024
Total		(5,684)	1,024
Net gains on investments		6,817	496,291
		(Unit: Thousand Baht)	
		Separate financial statements	
		For the years ended 31 December	
		2019	2018
Gains on disposal			
- Available-for-sale investments		-	24
Total		-	24
Losses on impairment			
- Investment in subsidiaries		-	(1)
Total		-	(1)
Net gains on investments		-	23

3.27 Bad debts, doubtful accounts and impairment losses

Bad debts, doubtful accounts and impairment losses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		For the years ended 31 December	
		2019	2018
Held-to-maturity debt securities (reversal)		(915)	(331)
Loans to customers		1,110,018	2,701,783
Total		1,109,103	2,701,452

3.28 Other operating income

Other operating income in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		For the years ended 31 December	
		2019	2018
Gains on disposal of properties foreclosed		42,934	71,336
Gains on sales of receivables		-	52,588
Others		60,862	80,094
Total		103,796	204,018

		(Unit: Thousand Baht)	
		Separate financial statements	
		For the years ended 31 December	
		2019	2018
Rental income		80,246	67,029
Others		3,846	3,876
Total		84,092	70,905

3.29 Other operating expenses

Other operating expenses in the statements of comprehensive income for the years ended 31 December 2019 and 2018 consisted of the following:

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		For the years ended 31 December	
		2019	2018
Mailing expenses		72,139	70,935
Software amortisation expenses		165,054	167,000
Legal expenses relating to the business		296,252	514,297
Transportation expenses		103,114	107,317
Expenses related to the repossession and the disposal of repossessed assets		99,676	93,979
Advertising and business promotion expenses		195,730	159,791
Others		308,888	267,715
Total		1,240,853	1,381,034

		(Unit: Thousand Baht)	
		Separate financial statements	
		For the years ended 31 December	
		2019	2018
Mailing expenses		117	250
Software amortisation expenses		63,338	70,218
Transportation expenses		9,309	9,693
Others		40,344	56,759
Total		113,108	136,920

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2019 and 2018 are as follows:

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		For the years ended 31 December		For the years ended 31 December	
		2019	2018	2019	2018
Current income tax:					
Income tax expenses for the year		2,081,022	1,929,003	91,600	82,974
Deferred tax:					
Deferred tax on temporary differences and reversion of temporary differences		(298,469)	(265,986)	(12,760)	1,418
Income tax expenses reported in the statement of comprehensive income		1,782,553	1,663,017	78,840	84,392

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
(Gains) losses on valuation in available-for-sale investments	(14,854)	45,062	(22,852)	16,520
Change in surplus on revaluation of assets	-	(77,525)	-	(21,330)
Actuarial losses	57,556	10,813	4,125	5,902
Income tax expenses recorded directly to other comprehensive income	42,702	(21,650)	(18,727)	1,092

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 is as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Accounting profit before tax	9,055,751	8,578,452	6,303,124	5,711,187
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,811,150	1,715,690	1,260,625	1,142,238
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(23,936)	(21,685)	(1,181,785)	(1,057,846)
Others	(4,661)	(30,988)	-	-
Income tax expenses reported in the statement of comprehensive income	1,782,553	1,663,017	78,840	84,392

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht) Consolidated financial statements			
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2019	2018	2019	2018
Allowance for doubtful accounts	838,399	713,489	124,910	183,210
Allowance for impairment of investments	39,063	43,726	(4,663)	(271)
Allowance for impairment of properties foreclosed	55	2,374	(2,319)	(54)
Non-accrual of interest income	55,655	50,684	4,971	7,923
Depreciation of assets	(75,889)	(69,478)	(6,411)	(16,005)
Finance leases	(12)	(162)	150	(6,175)
Gains on changes in value of investment properties	(4,722)	(4,927)	205	(4,927)
Surplus on revaluation of assets	(296,051)	(265,945)	-	-
Surplus on changes in value of investments	(17,385)	(2,530)	-	-
Unrealised (gain) loss on derivatives	(214)	1,917	(2,131)	(3,832)
Deferred commission and direct expenses incurred at the initiation of hire purchase	(615,105)	(592,326)	(22,779)	(59,845)
Losses on disposal of properties foreclosed	48,552	21,842	26,710	90
Unearned interest income on hire purchase	197,238	179,221	18,017	62,330
Reduction of subsidiaries' share capital	25,048	21,435	3,613	-
Accrued expenses	694,211	606,400	87,811	89,404
Employee benefit expenses	295,862	155,788	81,825	10,209
Others	140,199	130,017	10,182	2,028
Deferred tax assets	1,324,904	991,525	320,091	264,085

(Unit: Thousand Baht)				
Consolidated financial statements				
As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December		
2019	2018	2019	2018	
Depreciation of assets	-	1,200	(1,200)	118
Gains on changes in value of investment properties	-	-	-	(3,486)
Surplus on revaluation of assets	-	33,813	-	-
Accrued expenses	-	(17,406)	17,406	(8,788)
Employee benefit expenses	-	(8,906)	5,214	2,723
Others	-	(202)	202	7,532
Deferred tax liabilities	-	8,499	21,622	(1,901)

(Unit: Thousand Baht)				
Separate financial statements				
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2019	2018	2019	2018
Allowance for impairment of investments	21,732	21,732	-	-
Depreciation of assets	(39,177)	(35,883)	(3,294)	(4,202)
Gains on changes in value of investment properties	(92,082)	(92,082)	-	692
Surplus on revaluation of assets	(76,572)	(76,731)	-	-
(Surplus) deficit on changes in value of investments	(10,447)	12,405	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	268,696	266,298	2,398	3,442
Employee benefit expenses	53,178	35,397	13,656	(1,350)
Deferred tax assets	146,763	152,571	12,760	(1,418)

3.31 Components of other comprehensive income

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the year	74,975	(175,621)	114,260	(82,574)
Less: Reclassification adjustments for gains included in profit or loss	(703)	(57,411)	-	(24)
	74,272	(233,032)	114,260	(82,598)
Change in surplus on revaluation of assets	-	387,623	-	106,651
Actuarial losses	(288,575)	(56,943)	(20,627)	(29,510)
Share of other comprehensive income of joint venture:				
Cash flow hedges of joint venture	1,342	3,517	-	-
Other comprehensive income	(212,961)	101,165	93,633	(5,457)
Income tax effects relating to components of other comprehensive income	42,702	(21,650)	(18,727)	1,092
Net other comprehensive income for the year	(170,259)	79,515	74,906	(4,365)

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the years ended 31 December					
	2019			2018		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	74,272	(14,854)	59,418	(233,032)	45,062	(187,970)
Change in surplus on revaluation of assets	-	-	-	387,623	(77,525)	310,098
Actuarial losses	(288,575)	57,556	(231,019)	(56,943)	10,813	(46,130)
	<u>(214,303)</u>	<u>42,702</u>	<u>(171,601)</u>	<u>97,648</u>	<u>(21,650)</u>	<u>75,998</u>

(Unit: Thousand Baht)

	Separate financial statements					
	For the years ended 31 December					
	2019			2018		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax amount	Tax (expense) benefit	Net of tax amount
Gains (losses) on valuation in available-for-sale investments	114,260	(22,852)	91,408	(82,598)	16,520	(66,078)
Change in surplus on revaluation of assets	-	-	-	106,651	(21,330)	85,321
Actuarial losses	(20,627)	4,125	(16,502)	(29,510)	5,902	(23,608)
	<u>93,633</u>	<u>(18,727)</u>	<u>74,906</u>	<u>(5,457)</u>	<u>1,092</u>	<u>(4,365)</u>

3.33 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Profit for the year from continuing operations (Thousand Baht)	7,270,233	6,887,379	6,224,284	5,626,795
Basic earnings per share from continuing operations (Baht/share)	9.08	8.60	7.77	7.03
Profit for the year from discontinued operations (Thousand Baht)	-	128,306	-	-
Basic earnings per share from discontinued operations (Baht/share)	-	0.16	-	-
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655

3.34 Related party transactions

The relationships between the Company and its related parties

Name of related parties	Relationship
TISCO Bank Public Company Limited	Subsidiary company
TISCO Securities Co., Ltd.	Subsidiary company
TISCO Asset Management Co., Ltd.	Subsidiary company
TISCO Investment Advisory Securities Co., Ltd. (Previously known as "Deutsche TISCO Investment Advisory Co., Ltd.")	Subsidiary company
Hi-Way Co., Ltd.	Subsidiary company
TISCO Insurance Solution Co., Ltd.	Subsidiary company
TISCO Information Technology Co., Ltd.	Subsidiary company
TISCO Learning Center Co., Ltd.	Subsidiary company
All-Ways Co., Ltd.	Subsidiary company
Primus Leasing Co., Ltd. (In the process of liquidation)	Subsidiary company
TISCO Tokyo Leasing Co., Ltd.	Joint venture company

As at 31 December 2019 and 2018, the balances of accounts between the Company and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2019	2018
<u>Outstanding balance</u>		
(Eliminated from the consolidated financial statements)		
<u>Subsidiary companies</u>		
Interbank and money market items - net (Assets):		
TISCO Bank Public Company Limited	1,098,448	641,395
Dividend receivables:		
TISCO Bank Public Company Limited	4,100,464	3,593,665
TISCO Securities Co., Ltd.	75,000	140,000
TISCO Asset Management Co., Ltd.	699,996	934,994
Hi-Way Co., Ltd.	550,000	135,000
TISCO Information Technology Co., Ltd.	49,999	34,999
TISCO Insurance Solution Co., Ltd.	384,987	389,986
TISCO Learning Center Co., Ltd.	17,499	29,998
Other assets:		
TISCO Bank Public Company Limited	120,398	123,647
TISCO Securities Co., Ltd.	24	-
TISCO Asset Management Co., Ltd.	53	-
TISCO Learning Center Co., Ltd.	365	705
Other liabilities:		
TISCO Learning Center Co., Ltd.	43	971

Loans to related companies

As at 31 December 2019 and 1 January 2019, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	As at 1 January 2019	Increase	Decrease	As at 31 December 2019
<u>Subsidiary companies</u>				
Loans				
Hi-Way Co., Ltd	2,075,000	510,000	(375,000)	2,210,000

During the year, the Company had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on bases agreed upon between the Company and those related parties.

parties.

	Separate financial statements		(Unit: Thousand Baht)
	For the years ended 31 December		Terms and pricing policies
	2019	2018	
Transactions occurred during the year			
(Eliminated from the consolidated financial statements)			
Subsidiary companies			
Risk and financial management fee income, human resources management fee income and office administration fee income	2,185,213	2,156,929	Determined on market prices and/or actual cost in compliance with the criteria specified by the Bank of Thailand
Interest income	56,690	64,714	With reference to the terms and prices as offered to other customers
Rental income	80,246	67,029	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	292,000	199,000	Determined on actual cost in compliance with the criteria specified by the Bank of Thailand
Training expenses	9,566	11,759	With reference to the prices as offered from other service providers
Other expenses	1,815	1,962	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

	Consolidated financial statements as at 31 December	
	2019	2018
	22,366	17,581
Loans ⁽¹⁾		

⁽¹⁾ Including employee welfare loans and normal loans

Liabilities payable to directors and key management personnel

	Consolidated financial statements as at 31 December	
	2019	2018
	304,192	383,693
Deposits		

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries had short-term benefit expenses paid to their directors and key management during the years and other employee benefit expenses payable to their directors and management as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Short-term benefits	773	695	467	400
Post-employment benefits	60	53	32	26
Other long-term benefits	145	126	107	94
Total	978	874	606	520

3.35 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Group Chief Executive of TISCO Group.

For management purposes, the Company and its subsidiaries operate four main businesses as follows:

1. Commercial banking business: Provides financial services under the Commercial Banking Business license. Banking services are provided through TISCO Bank Public Company Limited headquarter and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarter and branches of the subsidiary across the country.
3. Asset management business: Provides asset management services.
4. Support business: Provides all governance and support functions of the Group.

The Company and its subsidiaries have aggregated operating segments that have similar economic characteristics and are similar in the other respects required by the Thai Financial Reporting Standard.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a group basis. Therefore, these expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

During the years 2019 and 2018, the Company and its subsidiaries did not have income from any customer amounting to or over 10 percent of their income.

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2019 and 2018, respectively.

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	(Unit: Million Baht) Consolidated financial statements
For the year ended 31 December 2019							
Revenue							
External customers	17,074	777	1,736	(151)	19,436	-	19,436
Inter-segment	637	250	(40)	9,202	10,049	(10,049)	-
Total revenue	17,711	1,027	1,696	9,051	29,485	(10,049)	19,436
Operating results:							
Net interest income	12,781	26	7	(22)	12,792	-	12,792
Net fee and service income	4,455	873	1,684	984	7,996	(1,811)	6,185
Other operating income	475	128	5	8,089	8,697	(8,238)	459
Total operating income	17,711	1,027	1,696	9,051	29,485	(10,049)	19,436
Premises and equipment expenses and amortisation	(1,562)	(84)	(28)	(793)	(2,467)	997	(1,470)
Other operating expenses	(7,539)	(841)	(657)	(1,854)	(10,891)	3,090	(7,801)
Bad debts, doubtful accounts and impairment losses	(1,105)	-	-	-	(1,105)	(4)	(1,109)
Total operating expenses	(10,206)	(925)	(685)	(2,647)	(14,463)	4,083	(10,380)
Segment profit from continuing operations before income tax expenses	7,505	102	1,011	6,404	15,022	(5,966)	9,056
Income tax expenses							(1,783)
Profit from continuing operations							7,273
Profit from discontinued operations							-
Non-controlling interests of the subsidiaries							(3)
Profit for the year - equity holders of the Company							7,270
As at 31 December 2019							
Segment total assets	291,590	2,806	1,464	32,767	328,627	(30,323)	298,304
Premises and equipment - net	939	18	250	826	2,033	951	2,984

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	(Unit: Million Baht) Consolidated financial statements
For the year ended 31 December 2018							
Revenue							
External customers	17,456	963	1,502	112	20,033	-	20,033
Inter-segment	358	284	-	8,040	8,682	(8,682)	-
Total revenue	<u>17,814</u>	<u>1,247</u>	<u>1,502</u>	<u>8,152</u>	<u>28,715</u>	<u>(8,682)</u>	<u>20,033</u>
Operating results:							
Net interest income	12,631	17	8	(20)	12,636	(21)	12,615
Net fee and service income	4,147	1,146	1,489	692	7,474	(1,379)	6,095
Other operating income	1,036	84	5	7,480	8,605	(7,282)	1,323
Total operating income	<u>17,814</u>	<u>1,247</u>	<u>1,502</u>	<u>8,152</u>	<u>28,715</u>	<u>(8,682)</u>	<u>20,033</u>
Premises and equipment expenses and amortisation	(1,316)	(85)	(36)	(628)	(2,065)	684	(1,381)
Other operating expenses	(7,059)	(913)	(563)	(1,740)	(10,275)	2,902	(7,373)
Bad debts, doubtful accounts and impairment losses	(2,702)	-	-	-	(2,702)	1	(2,701)
Total operating expenses	<u>(11,077)</u>	<u>(998)</u>	<u>(599)</u>	<u>(2,368)</u>	<u>(15,042)</u>	<u>3,587</u>	<u>(11,455)</u>
Segment profit from continuing operations before income tax expenses	6,737	249	903	5,784	13,673	(5,095)	8,578
Income tax expenses							(1,663)
Profit from continuing operations							6,915
Profit from discontinued operations							128
Non-controlling interests of the subsidiaries							(28)
Profit for the year - equity holders of the Company							<u>7,015</u>
As at 31 December 2018							
Segment total assets	296,342	3,274	1,605	31,396	332,617	(30,072)	302,545
Premises and equipment - net	919	18	254	966	2,157	835	2,992

3.36 Provident fund

The Company, its nine subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The provident funds of the Company and its eight subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules. During the years 2019 and 2018, the Company and its subsidiaries recognised the contributions as expenses totaling Baht 301 million and Baht 268 million, respectively (the Company only: Baht 45 million and Baht 48 million, respectively).

3.37 Commitments and contingent liabilities

3.37.1 Avals, guarantees and commitments

		(Unit: Thousand Baht)	
		Consolidated financial statements as at 31 December	
		2019	2018
Other guarantees		482,094	753,963
Undrawn client overdraft facilities		76,439	351,660
Interest rate swap agreements (Note 3.38.4)		-	1,200,000
Foreign exchange contracts (Note 3.38.4)		917,044	717,751
Others		578,509	517,961
Total		2,054,086	3,541,335

3.37.2 Litigation

As at 31 December 2019 and 2018, the subsidiaries have been sued for compensation totaling approximately Baht 314 million and Baht 334 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believes that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.37.3 Other commitments

- The subsidiary companies have commitments in relation to computer service agreements, whereby they are to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- The subsidiary companies have entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 1 - 15 years.

As at 31 December 2019 and 2018, the subsidiary companies have future minimum lease payments required under the non-cancellable operating lease contracts as follows:

		(Unit: Million Baht)	
		As at 31 December	
		2019	2018
Payable within:			
Not over 1 year		186	192
Over 1 to 5 years		228	281
Over 5 years		47	56

- The subsidiary that operates a banking business has provided warranties in accordance with the terms of an agreement, related to the sale of a personal loan portfolio. The warranties cover a period of 3 years after the transfer date.
- The subsidiary has provided warranties in accordance with the terms of an agreement, related to the sale of a credit card business. The warranties cover a period of 2 years after the transfer of the business.

3.38 Financial instruments

3.38.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries ("the Group") manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. The Group also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans to customers as stated in the financial statements.

Quality of risk from provision of hire purchase receivables by the subsidiary company operating a banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating a banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are "Very high grade", "High grade" and "Medium grade", with "Very high grade" credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; "High grade" as credit from which losses within one year are expected to be between 0.2% and 2.0% and "Medium grade" as credit from which losses within one year are expected to exceed 2.0% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2019	2018
Neither past due nor impaired		
Very high grade	56,241	56,197
High grade	52,635	54,864
Medium grade	11,603	11,777
Subtotal	120,479	122,838
Hire purchase receivables - overdue for 31 to 90 days	11,569	11,319
Hire purchase receivables - overdue for more than 90 days	2,798	3,324
Total	134,846	137,481

3.38.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices and interest rates, which may affect income or the capital funds of the Group. In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. TISCO Group uses a combination of risk sensitivities, Value at Risk and stress testing to manage market risks and establish limits. The Value at Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value at Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

3.38.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

	(Unit: Million Baht)	
	Market risk as at 31 December	
	2019	2018
Marketable financial assets		
Equity securities	235	279
Debt securities	4	6
Foreign currencies	31	46

3.38.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over the period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

	(Unit: Million Baht)	
	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2019	2018
Change in interest rate		
Increase by 1 percent	137.10	263.55
Decrease by 1 percent	(137.10)	(263.55)

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

3.38.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk related to financial instruments.

	(Unit: Million Baht)			
	Consolidated financial statements as at 31 December 2019			
	Outstanding balances of financial instruments			
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,103	1,103
Interbank and money market items - net	307	43,001	1,992	45,300
Derivatives assets	-	-	22	22
Investments - net	-	2,745	6,618	9,363
Loans to customers ⁽¹⁾	25,960	207,994	10,113	244,067
Securities and derivatives business receivables - net	-	-	1,164	1,164
	<u>26,267</u>	<u>253,740</u>	<u>21,012</u>	<u>301,019</u>
<u>Financial liabilities</u>				
Deposits	39,772	175,645	668	216,085
Interbank and money market items	214	4,337	105	4,656
Liabilities payable on demand	-	-	307	307
Debts issued and borrowings	-	25,017	-	25,017
Securities and derivatives business payables - net	-	-	821	821
Payable to clearing house	-	-	339	339
	<u>39,986</u>	<u>204,999</u>	<u>2,240</u>	<u>247,225</u>

⁽¹⁾ Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,192	1,192
Interbank and money market items - net	222	52,192	1,657	54,071
Derivatives assets	-	-	6	6
Investments - net	-	2,421	6,591	9,012
Loans to customers ⁽¹⁾	25,169	208,516	7,612	241,297
Securities and derivatives business receivables - net	-	-	949	949
Receivable from clearing house	-	-	115	115
	<u>25,391</u>	<u>263,129</u>	<u>18,122</u>	<u>306,642</u>
Financial liabilities				
Deposits	56,567	135,941	600	193,108
Interbank and money market items	419	3,855	101	4,375
Liabilities payable on demand	-	-	238	238
Derivatives liabilities	-	-	11	11
Debts issued and borrowings	-	55,557	-	55,557
Securities and derivatives business payables - net	-	-	995	995
Payable to clearing house	-	-	61	61
	<u>56,986</u>	<u>195,353</u>	<u>2,006</u>	<u>254,345</u>

⁽¹⁾ Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items - net	6	1,092	-	1,098
Investments - net	-	-	837	837
Loans to customers	-	2,210	-	2,210
	<u>6</u>	<u>3,302</u>	<u>837</u>	<u>4,145</u>
Financial liabilities				
Debts issued and borrowings	-	6,300	-	6,300
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>6,300</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2018

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items - net	8	633	-	641
Investments - net	-	-	780	780
Loans to customers	-	2,075	-	2,075
	<u>8</u>	<u>2,708</u>	<u>780</u>	<u>3,496</u>
Financial liabilities				
Debts issued and borrowings	-	5,840	-	5,840
	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>5,840</u>

Financial instruments which bear interest rate at fixed rates are classified below by the year from the financial statements date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	1	43,000	-	-	-	43,001	1.3172
Investments - net	-	2,131	611	3	-	2,745	1.6729
Loans to customers	4,493	16,071	42,742	118,702	25,986	207,994	8.0085
	<u>4,494</u>	<u>61,202</u>	<u>43,353</u>	<u>118,705</u>	<u>25,986</u>	<u>253,740</u>	
Financial liabilities							
Deposits	2,744	89,955	82,251	695	-	175,645	1.8088
Interbank and money market items	-	1,636	368	2,333	-	4,337	0.8304
Debts issued and borrowings	37	6,300	12,000	-	6,680	25,017	2.7367
	<u>2,781</u>	<u>97,891</u>	<u>94,619</u>	<u>3,028</u>	<u>6,680</u>	<u>204,999</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	77	52,115	-	-	-	52,192	1.8253
Investments - net	-	1,727	506	188	-	2,421	2.6722
Loans to customers	2,795	17,201	44,016	118,015	26,489	208,516	7.8347
	<u>2,872</u>	<u>71,043</u>	<u>44,522</u>	<u>118,203</u>	<u>26,489</u>	<u>263,129</u>	
Financial liabilities							
Deposits	1,215	68,914	61,874	3,938	-	135,941	1.6746
Interbank and money market items	-	1,470	140	2,245	-	3,855	1.5144
Debts issued and borrowings	37	15,840	21,000	12,000	6,680	55,557	2.3195
	<u>1,252</u>	<u>86,224</u>	<u>83,014</u>	<u>18,183</u>	<u>6,680</u>	<u>195,353</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2019							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	1,092	-	-	-	-	1,092	0.7500
Loans to customers	2,210	-	-	-	-	2,210	2.0000
	<u>3,302</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,302</u>	
Financial liabilities							
Debts issued and borrowings	-	6,300	-	-	-	6,300	1.7662
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>	

(Unit: Million Baht)

	Separate financial statements as at 31 December 2018						(Unit: million Baht)
	Repricing or maturity date						
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Interest rates (%)
<u>Financial assets</u>							
Interbank and money market items - net	633	-	-	-	-	633	0.7500
Loans to customers	2,075	-	-	-	-	2,075	2.2000
	<u>2,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,708</u>	
<u>Financial liabilities</u>							
Debts issued and borrowings	-	5,840	-	-	-	5,840	1.7807
	-	5,840	-	-	-	5,840	

The balances of loans to customers (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.38.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating a banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations, which could result in damages to the subsidiary. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the subsidiary operating a banking business and regulatory requirement. On the other hand, the Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary operating banking business's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk and return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the subsidiary sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

The subsidiary operating a banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary operating a banking business also issued subordinated and unsubordinated debentures as another source of fund. On the uses of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provides credit line to other companies under TISCO Group to support liquidity position if required.

3.38.3.1 Remaining contractual maturity of liabilities

(Unit: Million Baht)

	As at 31 December 2019			
	Remaining contractual maturity			
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	149,657	94,620	9,708	253,985

(Unit: Million Baht)

	As at 31 December 2018			
	Remaining contractual maturity			
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	152,492	83,020	24,863	260,375

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity of less than three months comprise current deposits and saving deposits. Both current deposits and saving deposits are considered to be more stable than term deposits in terms of cash outflow.

3.38.3.2 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at 31 December	
	2019	2018
Composition of highly liquid assets		
Cash	1,099	1,189
Interbank and money market - net	44,050	53,089
Current investments - net	7,466	6,784
Total highly liquid assets ⁽¹⁾	52,615	61,062
Liquid asset requirement ⁽¹⁾	38,862	43,063

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating a banking business has a policy in maintaining the highly liquid assets higher than the internal liquid asset requirement. As at 31 December 2019 and 2018, the subsidiary operating a banking business has highly liquid assets, which are daily calculated, at Baht 52,615 million and Baht 61,062 million, respectively, higher than the internal liquid asset requirement, which is daily considered, of Baht 38,862 million and Baht 43,063 million, respectively. In addition, the subsidiary operating a banking business has operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.38.3.3 Counting from the financial statement date, as at 31 December 2019 and 2018, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements as at 31 December 2019						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan
Financial assets							Total
Cash	1,103	-	-	-	-	-	1,103
Interbank and money market items - net	2,299	43,001	-	-	-	-	45,300
Derivatives assets	-	22	-	-	-	-	22
Investments - net	-	6,331	1,662	3	-	1,367	9,363
Loans to customers	4,004	16,986	45,442	136,114	35,687	-	244,067
Securities and derivatives business receivables - net	-	1,164	-	-	-	-	1,164
	7,406	67,504	47,104	136,117	35,687	1,367	301,019

Financial liabilities

Deposits	43,184	89,955	82,251	695	-	-	-	216,085
Interbank and money market items	319	1,636	368	2,333	-	-	-	4,656
Liabilities payable on demand	307	-	-	-	-	-	-	307
Debts issued and borrowings	37	6,300	12,000	-	6,680	-	-	25,017
Securities and derivatives business payables - net	-	821	-	-	-	-	-	821
Payable to clearing house	-	339	-	-	-	-	-	339
	<u>43,847</u>	<u>99,051</u>	<u>94,619</u>	<u>3,028</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>247,225</u>

Commitments and contingent liabilities

Avals to bills and guarantees of loans	2	1	32	21	-	426	-	482
Other commitments	-	917	90	489	-	76	-	1,572

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2018

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Cash	1,192	-	-	-	-	-	-	1,192
Interbank and money market items - net	1,956	52,115	-	-	-	-	-	54,071
Derivatives assets	-	6	-	-	-	-	-	6
Investments - net	-	5,507	1,948	188	-	1,369	-	9,012
Loans to customers	2,369	17,615	45,562	122,796	46,079	-	6,876	241,297
Securities and derivatives business receivables - net	-	949	-	-	-	-	-	949
Receivable from clearing house	-	115	-	-	-	-	-	115
	<u>5,517</u>	<u>76,307</u>	<u>47,510</u>	<u>122,984</u>	<u>46,079</u>	<u>1,369</u>	<u>6,876</u>	<u>306,642</u>
Financial liabilities								
Deposits	58,382	68,914	61,874	3,938	-	-	-	193,108
Interbank and money market items	520	1,470	140	2,245	-	-	-	4,375
Liabilities payable on demand	238	-	-	-	-	-	-	238
Derivatives liabilities	-	5	6	-	-	-	-	11
Debts issued and borrowings	37	15,840	21,000	12,000	6,680	-	-	55,557
Securities and derivatives business payables - net	-	995	-	-	-	-	-	995
Payable to clearing house	-	61	-	-	-	-	-	61
	<u>59,177</u>	<u>87,285</u>	<u>83,020</u>	<u>18,183</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>254,345</u>
Commitments and contingent liabilities								
Avals to bills and guarantees of loans	2	250	38	18	-	446	-	754
Other commitments	-	1,318	623	495	-	351	-	2,787

(Unit: Million Baht)

Separate financial statements as at 31 December 2019

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Interbank and money market items - net	1,098	-	-	-	-	-	-	1,098
Investments - net	-	-	-	-	-	837	-	837
Loans to customers	2,210	-	-	-	-	-	-	2,210
	<u>3,308</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>837</u>	<u>-</u>	<u>4,145</u>
Financial liabilities								
Debts issued and borrowings	-	6,300	-	-	-	-	-	6,300
	<u>-</u>	<u>6,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,300</u>

(Unit: Million Baht)

		Separate financial statements as at 31 December 2018						
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-performing loan	Total
Financial assets								
Interbank and money market items - net	641	-	-	-	-	-	-	641
Investments - net	-	-	-	-	-	780	-	780
Loans to customers	2,075	-	-	-	-	-	-	2,075
	<u>2,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>	<u>3,496</u>
Financial liabilities								
Debts issued and borrowings	-	5,840	-	-	-	-	-	5,840
	<u>-</u>	<u>5,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,840</u>

The Company will disclose the Financial Business Group's Liquidity Coverage Ratio as of 31 December 2019 via the Company's website within April 2020.

3.38.4 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivatives instruments, for hedging risks and trading.

As at 31 December 2019 and 2018, the subsidiary operating a banking business has trading financial derivatives instruments as follows:

a) Interest rate swap agreements

The subsidiary operating a banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2019		
Maturity	Notional amount	Fair value loss
-	-	-

(Unit: Million Baht)

As at 31 December 2018		
Maturity	Notional amount	Fair value loss
2019	1,200	(11)

b) Foreign exchange contracts

The subsidiary operating a banking business entered into foreign exchange contracts to manage the risk associated with its financial assets as follows:

(Unit: Million Baht)
As at 31 December 2019

Maturity	Notional amount	Fair value gain
2020	917	22

(Unit: Million Baht)
As at 31 December 2018

Maturity	Notional amount	Fair value gain
2019	718	6

3.38.5 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Million Baht)				
Consolidated financial statements				
As at 31 December				
2019		2018		
Transactions	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	1,103	1,103	1,192	1,192
Interbank and money market items - net	45,300	45,300	54,071	54,071
Derivatives assets	22	22	6	6
Investments - net	9,363	9,919	9,012	9,792
Loans to customers and accrued interest receivables - net	236,913 ⁽¹⁾	241,650	232,574 ⁽¹⁾	235,815
Securities and derivatives business receivables - net	1,164	1,164	949	949
Receivable from clearing house	1	1	115	115
Financial liabilities				
Deposits	216,085	216,085	193,108	193,108
Interbank and money market items	4,656	4,656	4,375	4,375
Liabilities payable on demand	307	307	238	238
Derivatives liabilities	-	-	11	11
Debts issued and borrowings	25,017	25,101	55,557	55,537
Securities and derivatives business payables - net	821	821	995	995
Payable to clearing house	339	339	61	61

⁽¹⁾ As at 31 December 2019 and 2018, book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 3,563 million and Baht 2,951 million, respectively.

(Unit: Million Baht)				
Separate financial statements				
As at 31 December				
2019		2018		
Transactions	Book value	Fair value	Book value	Fair value
Financial assets				
Interbank and money market items - net	1,098	1,098	641	641
Investments - net	837	837	780	780
Loans to customers and accrued interest receivables - net	2,210	2,210	2,075	2,075
Financial liabilities				
Debts issued and borrowings	6,300	6,300	5,840	5,840

In estimating the fair value of financial instruments, an allowance for doubtful debts is deducted based on the relative risk. The book value of financial instruments is the value net of the full amount of such allowance for doubtful debts.

3.39 Fair value hierarchy

As at 31 December 2019 and 2018, the Company and its subsidiaries have the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Derivatives					
Foreign exchange contracts	22	-	22	-	22
Available-for-sale investments					
Equity securities	253	253	-	-	253
Debt securities	7,997	-	7,997	-	7,997
Unit trusts	896	837	59	-	896
Investment properties	30	-	-	30	30
Office condominiums	2,452	-	-	2,452	2,452
Assets for which fair value is disclosed					
Cash	1,103	1,103	-	-	1,103
Interbank and money market items - net	45,300	2,331	42,969	-	45,300
General investments	217	-	-	773	773
Loans to customers and accrued interest receivables	236,913 ⁽¹⁾	-	53,810	187,840	241,650
Securities and derivatives business receivables - net	1,164	-	1,164	-	1,164
Receivable from clearing house	1	1	-	-	1
Liabilities for which fair value is disclosed					
Deposits	216,085	40,440	175,645	-	216,085
Interbank and money market items	4,656	353	4,303	-	4,656
Liabilities payable on demand	307	307	-	-	307
Debts issued and borrowings	25,017	-	25,101	-	25,101
Securities and derivatives business payables - net	821	-	821	-	821
Payable to clearing house	339	339	-	-	339

⁽¹⁾ Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 3,563 million.

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2018					
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Derivatives					
Foreign exchange contracts	6	-	6	-	6
Available-for-sale investments					
Equity securities	300	300	-	-	300
Debt securities	7,652	-	7,652	-	7,652
Unit trusts	841	780	61	-	841
Investment properties	39	-	-	39	39
Office condominiums	2,477	-	-	2,477	2,477
Liabilities measured at fair value					
Derivatives					
Interest rate swap agreements	11	-	11	-	11
Assets for which fair value is disclosed					
Cash	1,192	1,192	-	-	1,192
Interbank and money market items - net	54,071	2,454	51,617	-	54,071
General investments	219	-	-	999	999
Loans to customers and accrued interest receivables	232,574 ⁽¹⁾	-	60,035	175,780	235,815
Securities and derivatives business receivables - net	949	-	949	-	949
Receivable from clearing house	115	115	-	-	115
Liabilities for which fair value is disclosed					
Deposits	193,108	57,167	135,941	-	193,108
Interbank and money market items	4,375	856	3,519	-	4,375
Liabilities payable on demand	238	238	-	-	238
Debts issued and borrowings	55,557	-	55,537	-	55,537
Securities and derivatives business payables - net	995	-	995	-	995
Payable to clearing house	61	61	-	-	61

⁽¹⁾ Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 2,951 million.

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2019				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Available-for-sale investments					
Unit trusts	837	837	-	-	837
Investment properties	955	-	-	955	955
Office condominiums	619	-	-	619	619
Assets for which fair value is disclosed					
Interbank and money market items - net	1,098	6	1,092	-	1,098
Loans to customers and accrued interest receivables	2,210	-	-	2,210	2,210
Liabilities for which fair value is disclosed					
Debts issued and borrowings	6,300	-	6,300	-	6,300

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Available-for-sale investments					
Unit trusts	780	780	-	-	780
Investment properties	831	-	-	831	831
Office condominiums	758	-	-	758	758
Assets for which fair value is disclosed					
Interbank and money market items - net	641	8	633	-	641
Loans to customers and accrued interest receivables	2,075	-	-	2,075	2,075
Liabilities for which fair value is disclosed					
Debts issued and borrowings	5,840	-	5,840	-	5,840

During the current year, there were no transfers within the fair value hierarchy.

4. Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share (Baht per share)	Ordinary share (Baht per share)		
Annual dividends for 2017	The 2018 Annual General Meeting of the Shareholders on 23 April 2018	5.00	5.00	4,003	May 2018
Total dividend payment in year 2018				4,003	
Annual dividends for 2018	The 2019 Annual General Meeting of the Shareholders on 22 April 2019	7.00	7.00	5,604	May 2019
Total dividend payment in year 2019				5,604	

5. Significant events during the year of subsidiary companies

5.1 Increase/decrease in registered share capital of subsidiary companies

- A resolution passed by the 2019 Annual General Meeting of the Shareholders of Hi-Way Co., Ltd. (a subsidiary company) held on 19 April 2019 approved an increase of Baht 500 million in its registered share capital, from Baht 100 million to Baht 600 million, by issuing 5,000,000 new ordinary shares, causing the number of ordinary shares to increase from 1,000,000 shares to 6,000,000 shares of Baht 100 each. The shares are to be fully paid up. On 30 May 2019, the subsidiary company registered the increase in its registered share capital with the Ministry of Commerce.
- A resolution passed by the 2019 Annual General Meeting of the Shareholders of All-Ways Co., Ltd. (a subsidiary company) held on 19 April 2019 approved a decrease of Baht 500 million in its registered share capital, from Baht 700 million to Baht 200 million, by canceling 5,000,000 ordinary shares. As a result, the number of ordinary shares decreased from 7,000,000 shares to 2,000,000 shares of Baht 100 each. On 27 May 2019, the subsidiary company registered the decrease in its registered share capital with the Ministry of Commerce.

5.2 Termination of Joint Venture Agreement, purchase of investment, change of subsidiary company's name and decrease in registered share capital of subsidiary company

- On 4 September 2019, the Company and TISCO Securities Co., Ltd. (TISCO Securities), which is a subsidiary of TISCO Group, signed an agreement to terminate the joint venture agreement of "Deutsche TISCO Investment Advisory Co., Ltd.", a joint venture between TISCO Securities and Deutsche Bank group that operated under an investment advisory license in Thailand. The agreement was effective from 9 September 2019. Subsequent to the termination, TISCO Securities will continue to provide securities brokerage services and equity research services as usual.
- On 9 September 2019, TISCO Securities Co., Ltd. (a subsidiary company) purchased a 49% stake in Deutsche TISCO Investment Advisory Co., Ltd. from Deutsche Bank group, and has already paid the Baht 88 million purchase price of this investment. Therefore, the subsidiary company holds 99% of equity of Deutsche TISCO Investment Advisory Co., Ltd.
- A resolution passed by the Extraordinary General Meeting of the Shareholders of Deutsche TISCO Investment Advisory Co., Ltd. No. 2/2019, on 20 September 2019, approved the change in that company's name and approved the amendment of item No.1 in the memorandum of association, to state that the company's name is "TISCO Investment Advisory Securities Co., Ltd.". On 23 September 2019, the company registered the amendment of its memorandum of association with the Ministry of Commerce.
- A resolution passed by the Extraordinary General Meeting No. 3/2019 of the Shareholders of TISCO Investment Advisory Securities Co., Ltd. (a subsidiary company), on 17 October 2019, approved a decrease of Baht 75 million in its registered share capital, from Baht 100 million to Baht 25 million, by canceling 7,500,000 ordinary shares. As a result, the number of ordinary shares decreased from 10,000,000 shares to 2,500,000 shares of Baht 10 each. On 6 December 2019, the subsidiary company registered the decrease in its registered share capital with the Ministry of Commerce.

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 11 February 2020.



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