

Part 3

Financial Status and Performance

13. Key Financial Information

13.1 Financial Statements

Summary of Auditor's Report

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2020

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, of EY Office Limited. The conclusion of the report can be summarized as follows:

Based on the independent auditor's audit, the financial statements presented 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 December 31, 2020, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and drew attention to the matters related to the adoption of the set of Thai Financial Reporting Standards related to financial instruments in the preparation of current year's financial statements and to the COVID-19 pandemic which is impacting various businesses and industries. This situation could create uncertainties and may be impacting the operating results and cash flows in the future; and due to the impact of that situation, the Group has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy as issued by the Federation of Accounting Professions in preparing the financial statements. The auditor's opinion is not modified in respect of this matter.

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2019

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2019 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, of EY Office Limited. The conclusion of his report can be summarized as follows:

Based on the independent auditor's audit, the financial statements presented 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 December 31, 2019, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2018

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2018 was Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499, of EY Office Limited. The conclusion of his report can be summarized as follows:

Based on the independent auditor's audit, the financial statements presented 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 December 31, 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Table Depicting the Consolidated Financial Statements of the Company and its Subsidiaries

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As of

(Unit: Thousand Baht)

Consolidated financial statements

	December 31, 2020	December 31, 2019	December 31, 2018
Assets			
Cash	1,220,207	1,102,557	1,191,800
Interbank and money market items - net	38,212,028	45,300,141	54,071,389
Financial assets measured at fair value through profit or loss	2,173,020	-	-
Derivatives assets	62,095	21,907	5,685
Investments - net	9,953,256	9,363,032	9,012,345
Investments in subsidiaries and joint venture - net	804,925	813,602	800,151
Loans to customers and accrued interest receivables			
Loans to customers	244,355,748	263,569,157	261,056,899
Accrued interest receivables and undue interest income	1,901,983	1,240,929	642,526
Total loans to customers and accrued interest receivables	246,257,731	264,810,086	261,699,425
Less: Deferred revenue	(19,544,201)	(20,743,017)	(20,402,559)
Less: Allowance for expected credit loss / doubtful accounts	(11,825,544)	(10,709,365)	(11,665,492)
Less: Allowance for loss on debt restructuring	-	(7,343)	(8,146)
Loans to customers and accrued interest receivables - net	214,887,986	233,350,361	229,623,228
Properties foreclosed - net	29,671	18,429	10,857
Investment properties	27,334	30,304	39,388
Premises and equipment - net	2,921,739	2,984,152	2,992,229
Right-of-use assets - net	885,486	-	-
Intangible assets - net	214,268	329,460	448,222
Deferred tax assets	766,444	1,324,904	991,525
Securities and derivatives business receivables - net	1,058,180	1,164,066	948,528
Other assets	2,226,573	2,340,175	2,409,287
Total assets	275,443,212	298,143,090	302,544,634

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As of

(Unit: Thousand Baht)

Consolidated financial statements

	December 31, 2020	December 31, 2019	December 31, 2018
Liabilities and equity			
Liabilities			
Deposits	203,472,825	216,084,551	193,108,310
Interbank and money market items	5,807,646	4,656,133	4,374,674
Liabilities payable on demand	1,284,765	306,867	238,219
Derivatives liabilities	-	-	10,653
Debts issued and borrowings	12,825,919	25,016,919	55,556,919
Lease liabilities	828,590	-	-
Provisions	1,691,054	1,485,868	827,442
Deferred tax liabilities	1,097	-	8,499
Securities and derivatives business payables - net	1,033,041	820,545	995,276
Accrued interest payable	735,903	1,005,621	881,275
Income tax payable	495,672	911,330	753,846
Other liabilities	7,804,621	8,659,142	7,960,065
Total liabilities	235,981,133	258,946,976	264,715,178
Equity			
Share capital			
Registered			
33,858 preference shares of Baht 10 each	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694
	8,007,033	8,007,033	8,007,033
Issued and paid-up			
9,859 preference shares of Baht 10 each	99	99	99
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456
	8,006,555	8,006,555	8,006,555
Share premium			
Share premium on preference shares	-	-	-
Share premium on ordinary shares	1,018,408	1,018,408	1,018,408
	1,018,408	1,018,408	1,018,408
Other components of equity	1,837,917	1,810,936	1,753,824
Retained earnings			
Appropriated - statutory reserve	801,000	801,000	801,000
Unappropriated	27,795,056	27,556,084	26,116,740
Equity attributable to equity holders of the Company	39,458,936	39,192,983	37,696,527
Non-controlling interest of the subsidiaries	3,143	3,131	132,929
Total equity	39,462,079	39,196,114	37,829,456
Total liabilities and equity	275,443,212	298,143,090	302,544,634

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2020	December 31, 2019	December 31, 2018
Profit or loss:			
Interest income	16,756,709	17,881,207	17,690,276
Interest expenses	(3,659,000)	(5,088,798)	(5,075,507)
Net interest income	13,097,709	12,792,409	12,614,769
Fee and service income	5,459,691	6,510,972	6,339,093
Fee and service expenses	(313,660)	(325,754)	(243,666)
Net fee and service income	5,146,031	6,185,218	6,095,427
Net gain on financial instruments measured at fair value through profit or loss	257,485	-	-
Net gains (losses) on trading and foreign exchange transactions	-	(24,227)	6,339
Net gain (loss) on investments	12,372	6,817	496,291
Share of profit (loss) from investments accounted for under equity method	(1,717)	12,108	222,708
Dividend income	58,903	64,617	62,584
Penalty fee income from loans	217,139	294,907	331,035
Other operating income	116,021	103,796	204,018
Total operating income	18,903,943	19,435,645	20,033,171
Operating expenses	-	-	-
Employee's expenses	5,288,351	6,410,362	5,839,300
Directors' remuneration	18,160	18,125	16,425
Premises and equipment expenses	1,272,885	1,304,846	1,213,428
Taxes and duties	276,538	296,605	303,080
Other operating expenses	1,155,889	1,240,853	1,381,034
Total operating expenses	8,011,823	9,270,791	8,753,267
Bad debt, doubtful accounts and impairment losses	-	1,109,103	2,701,452
Expected credit loss	3,330,604	-	-
Profit from operations before income tax expenses	7,561,516	9,055,751	8,578,452
Income tax expenses	1,497,654	1,782,553	1,663,017
Profit for the year	6,063,862	7,273,198	7,043,741

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2020	December 31, 2019	December 31, 2018
Other comprehensive income:			
Continuing operations			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Gain (loss) on investments in debt instruments measured at fair value through other comprehensive income	2,053	-	-
Gains (losses) on valuation in available-for-sale investments	-	74,272	(233,032)
Share of other comprehensive income of joint venture:			
Cash flow hedges of joint venture (loss)	(6,960)	1,342	3,517
Income tax effects	(411)	(14,854)	45,062
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(5,318)	60,760	(184,453)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Changes in surplus on revaluation of assets	-	-	387,623
Actuarial losses	(40,273)	(288,575)	(56,943)
Income tax effects	8,072	57,556	(66,712)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (Loss)	(32,201)	(231,019)	263,968
Other comprehensive income for the year (Loss)	(37,519)	(170,259)	79,515
Total other comprehensive income for the year	6,026,343	7,102,939	7,123,256
	-	-	-
Total comprehensive income	-	-	-
Total comprehensive income from continuing operations	6,026,343	7,102,939	6,994,950
Total comprehensive income from discontinued operations	-	-	128,306
Total comprehensive income for the year	6,026,343	7,102,939	7,123,256
Profits attributable to			
Equity holders of the Company			
Profit for the year from continuing operations	6,063,483	7,270,233	6,887,379
Profit for the year from discontinued operations	-	-	128,306
Profit for the year attributable to the Company	6,063,483	7,270,233	7,015,685
Non-controlling interests of the subsidiaries			
Profit for the year attributable to non-controlling interests	379	2,965	28,056
	6,063,862	7,273,198	7,043,741
Total comprehensive income attributable to			
Equity holders of the Company			
Total comprehensive income for the year from continuing operations	6,025,964	7,100,094	6,966,734
Total comprehensive income for the year from discontinued operations	-	-	128,306
Total comprehensive income for the year attributable to the Company	6,025,964	7,100,094	7,095,040
Non-controlling interests of the subsidiaries			
Total comprehensive income for the year attributable to non-controlling interests	379	2,845	28,216
	6,026,343	7,102,939	7,123,256
Earnings per share of equity holders of the Company			
Basic earnings per share (Baht per share)			
Equity holders of the Company			
Profit from continuing operations	7.57	9.08	8.60
Profit from discontinued operations	-	-	0.16
	7.57	9.08	8.76

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2020	December 31, 2019	December 31, 2018
Cash flows from operating activities			
Profit from operations before income tax	7,561,516	9,055,751	8,578,452
Profit (loss) before income tax from discontinued operations	-	-	128,306
Profit from operation before income tax	7,561,516	9,055,751	8,706,758
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	657,177	381,961	390,757
Expected credit loss	5,116,156	-	-
Bad debts and doubtful accounts	-	2,971,802	4,898,708
Share of (profit) loss from investment accounted for under equity method	1,717	(12,108)	(222,708)
Allowance for impairment of investments	-	4,769	(1,355)
Allowance for impairment of properties foreclosed (reversal)	564	(11,111)	(268)
Gain on disposal of investments in securities	(12,372)	(12,501)	(495,267)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(21,803)	41,056	(6,455)
Gain on financial instruments measured at fair value through profit or loss	(253,456)	-	-
Gains (losses) on changes in value of investment properties	2,970	1,022	(6,992)
Gains on disposal of equipment and intangible assets	(4,891)	(3,290)	(5,661)
Loss on written-off of equipment and intangible assets	2,751	2,297	472
Gain on disposal of properties foreclosed	(33,340)	(42,934)	(71,336)
Employee benefit expenses	204,697	406,899	83,138
Decrease (increase) in accrued income	184,294	(306,256)	261,429
Increase (decrease) in accrued expenses	(801,440)	383,486	536,621
Net interest income	(13,097,709)	(12,792,409)	(12,828,669)
Dividend income	(58,903)	(64,617)	(62,584)
Cash received on interest income	15,729,391	16,948,275	17,680,774
Cash paid on interest expenses	(3,364,522)	(3,900,762)	(3,844,808)
Cash received on dividend income	58,903	64,617	62,584
Cash received on income tax	-	18,967	-
Cash paid on income tax	(1,456,983)	(1,839,085)	(2,018,179)
Profit from operating activities before changes in operating assets and liabilities	10,414,717	11,295,829	13,056,959
Operating assets (increase) decrease			
Interbank and money market items	7,077,408	8,758,584	(9,424,150)
Loans to customers	12,400,949	(7,808,565)	4,253,506
Securities and derivatives business receivables	105,886	(215,538)	1,393,513
Receivables from clearing house	(291,291)	114,006	(114,224)
Properties foreclosed	1,855,053	1,746,124	1,849,032
Other assets	388,509	3,655	(201,668)
Operating liabilities increase (decrease)			
Deposits	(12,611,726)	22,976,241	12,304,466
Interbank and money market items	1,151,513	281,459	357,167
Liabilities payable on demand	977,898	68,648	(193,142)
Securities and derivatives business payables	212,496	(174,731)	(1,220,980)
Short-term debts issued and borrowings	(2,351,000)	460,000	(25,021,700)
Payables to clearing house	(28,955)	278,256	(52,820)
Provision for long-term employee benefits	(54,500)	(37,048)	(47,493)
Other liabilities	(328,901)	(565,974)	(1,099,657)
Net cash flows from (used in) operating activities	18,918,056	37,180,946	(4,161,191)

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the years ended

(Unit: Thousand Baht)

	Consolidated financial statements		
	December 31, 2020	December 31, 2019	December 31, 2018
Cash flows from investing activities			
Cash paid for purchase of investments in securities held for investment	(31,435,476)	(36,584,587)	(12,333,737)
Cash received from disposal of investments in securities held for investment	29,164,080	36,256,313	11,125,400
Cash paid for purchase of equipment	(168,903)	(206,836)	(191,004)
Cash paid for purchase of intangible assets	(30,943)	(46,891)	(77,495)
Cash received from disposal of equipment	7,663	3,565	8,061
Cash received from disposal of intangible assets	-	395	-
Cash paid for acquisition of a subsidiary	-	(87,719)	-
Net cash flows used in investing activities	(2,463,579)	(665,760)	(1,468,775)
Cash flows from financing activities			
Cash received from issuance of long-term debentures	4,160,000	2,400,000	20,000,000
Cash paid for redemption of long-term debentures	(14,000,000)	(33,400,000)	(10,500,000)
Cash paid on lease liabilities	(291,784)	-	-
Dividend paid	(6,205,043)	(5,604,429)	(4,003,042)
Net cash flows from (used in) financing activities	(16,336,827)	(36,604,429)	5,496,958
Net increase (decrease) in cash	117,650	(89,243)	(133,008)
Cash at beginning of the year	1,102,557	1,191,800	1,324,808
Cash at end of the year	1,220,207	1,102,557	1,191,800
Supplemental cash flows information			
Non-cash transactions			
Right-of-use assets	158,039	-	-
Transfer-in of properties foreclosed in settlement of loans to customers	11,242	7,572	-
Transfer of investment properties to premises and equipment	-	8,062	-
Transfer of premises and equipment to investment properties	-	-	-

13.2 Important Financial Ratios

		2020	2019	2018
Profitability Ratio				
Gross Profit Margin	(%)	82.1	77.8	77.9
Net Profit Margin	(%)	32.1	37.4	35.0
Return on Average Shareholders' Equity	(%)	15.4	18.9	18.5
Interest Income Ratio	(%)	5.8	5.9	11.6
Interest Expense Ratio	(%)	1.6	2.0	4.0
Interest Spread	(%)	4.3	3.9	7.6
Return on Investment	(%)	4.3	2.3	7.8
Efficiency Ratio				
Net Interest Income to Total Assets	(%)	4.6	4.3	4.2
Return on Average Assets	(%)	2.1	2.4	2.3
Total Asset Turnover	(times)	6.59	6.47	6.62
Financial Ratio				
Debt to Equity Ratio	(times)	6.0	6.6	7.0
Total Loans to Total Borrowing and Deposits	(%)	103.9	100.7	96.8
Total Loans to Public Borrowing	(%)	110.5	112.4	124.6
Public Borrowing to Total Liabilities	(%)	86.2	83.4	72.9
Dividend Payout Ratio	(%)	N.A.	85.4	79.9
Asset Quality Ratio				
Allowance for Doubtful Account to Total Loans	(%)	5.3	4.4	4.8
Bad Debt and Doubtful Account to Total Loans	(%)	1.7	1.6	1.8
Non-accrued loans ¹ to Total Loans	(%)	N.A.	2.8	2.6
Allowance for Doubtful Account to Non-performing loans	(%)	210.5	183.7	169.8
Accrued Interest Receivable to Total Loans	(%)	0.8	0.5	0.3
Other Ratios				
Capital Funds to Risk Weighted Asset (BIS)	(%)	22.78	22.10	22.91
Net Capital Rule (TISCO Securities)	(%)	43.47	67.21	105.91

¹according to the Bank of Thailand's definition

14. Management Discussion and Analysis

The Management Discussion and Analysis compares operating performance and financial position of TISCO Group for the year 2020, with those of the year 2019

Movement of Money Market and Capital Market

Domestic economy for the year 2020 contracted drastically amid the spread of COVID-19. Throughout the year, the government continually launched the disease-control measures namely a country lockdown during the middle of the year, social distancing practice and a suspension of international flight since the second quarter. In consequence, economic activities and domestic demands fell sharply, particularly tourism sector that was directly impacted by the country lockdown and the absence of tourist arrivals. Export sector declined in relation to weaker demands from trading partners and Thai Baht appreciation. Domestic consumption also weakened resulting from declining purchasing power following unemployment problem and lower household income, along with high level of household debt. Numerous relief measures by the government were implemented through liquidity injection schemes such as “Kon La Khreung” program, “Shop Dee Mee Kuen” program and “Rao Tiew Duay Gun” program in order to stimulate economic activities, promote consumptions and support business owners. Meanwhile, private investment slowed down reflecting business concerns over economic outlook that was full of uncertainty and the risk of resurgence of the epidemic during the end of 2020. The domestic car sale for the year 2020 totaled 792,110 units, decreased by 21.4% (YoY), while the headline inflation for the year 2020 declined by 0.85%. The Bank of Thailand forecasted 2020 GDP at a contraction of 7.8%.

The Bank of Thailand has launched relief measures to help affected customers namely debt relief programs for retail customers to ease debt burden, debt restructuring, a reduction of ceiling of lending rate and liquidity support for SMEs through soft loan. In addition, during the year, the Bank of Thailand reduced the policy rate 3 times to 0.50%, together with reduced the rate of contribution from financial institutions to the FIDF from 0.46% to 0.23% of deposit base per annum for two years in order to pass on the lower interest rate to banks’ clients. The average 3-month fixed deposit rates of Top-4 commercial banks decreased from 0.86% to 0.37% (YoY) while all lending rates of Top-4 commercial banks also declined from the previous year. The average minimum lending rate (MLR) decreased from 6.01% to 5.31% (YoY). The average minimum overdraft rate (MOR) declined from 6.84% to 5.85% (YoY), and the average minimum retail rate (MRR) reduced from 6.87% to 5.98% (YoY).

For the capital market in 2020, SET index closed at 1,449.35 points, decreased by 130.49 points or 8.3% comparing to 1,579.84 points at the end of the previous year, resulted from lower investor confidence amid the concern toward COVID-19 situation and economic downturn. Whereas, market trading volume increased significantly amid volatile market condition, thereby the average daily turnover increased from 52,468 million baht in 2019 to 67,335 million baht.

Major Events

The Adoption of New Accounting Standards

In the financial statement for the year 2020, the Company has adopted the new accounting standards namely TFRS 9 – “Financial Instruments” and TFRS 16 – “Leases” which were effective since January 1, 2020. The financial reporting has the material changes from the previous reporting as follows.

- Interest income recognition shall be based on effective interest rate (EIR), and another key change is the recognition of accrued interest income of non-performing loans (NPLs).
- Gain/Loss on financial instruments measured at fair value through profit or loss, where equity investments in the past were recognized gain/loss through profit or loss when the investments were liquidated.
- Expected Credit Loss (ECL) impairment framework is used in place of provision impairment loss method. TFRS 9 framework has different loan classification and impairment model, with an addition of Forward Looking model framework to incorporate effects from business cycles. Moreover, the accrued interest income of non-performing loans is subject to ECL impairment in full.

Co-brand Alliance with Jefferies

On October 21, 2020, TISCO Securities announced a co-brand alliance with Jefferies Hong Kong Limited. Under this agreement, TISCO Securities aims to develop and provide equity research of Thai listed companies, as well as offer investment advisory, trading facility and corporate access services to institutional investors of Jefferies worldwide who are interested in investing in Thailand.

14.1 Operating Performance

TISCO Financial Group Public Company Limited ("the Company") had net profit from operations in the year 2020 on a standalone basis totaling 5,059.30 million baht, mainly contributed by dividend income. As a holding company, TISCO Financial Group Public Company Limited operates as shareholder in other company and no other major business. Therefore, the analysis was based on the Company's consolidated operating performance and financial position which comprised of 2 main businesses: commercial banking business and securities business.

Operating Results for the year 2020

The net profit attributed to owners of the Company for the year 2020 declined by 1,206.75 million baht or 16.6% from the previous year, totaling 6,063.48 million baht driven by COVID-19 pandemic that affected an economic slowdown putting pressured on core revenues from banking businesses, whereas loan loss reserve increased reflecting the current economic situation.

Net interest income grew by 2.4% (YoY) driven by an effective cost management during a declining interest rate environment. Non-interest income declined by 12.6% (YoY) particularly banking fee income from both bancassurance business and loan-related fee income following lower new business volume. On the contrary, fee income from capital market businesses improved by 12.8% (YoY) due to higher trading volume and the issuances of new funds that responded to investors' needs amid volatile capital market. Operating expenses decreased in relation to revenue contraction. Expected credit loss increased from the previous year, reporting at 1.42% of average loans, to cushion against potential risk arising from economic uncertainties. Meanwhile, the Company has maintained close monitoring and follow-ups to all client groups, resulting in a slight increase in NPL ratio from the previous year to 2.50% at the end of 2020.

Basic earnings per share for the year 2020 were 7.57 baht per share, decreased from 9.08 baht per share in 2019, with the return on average equity (ROAE) reported at 15.4%.

Income Statement

The Company and its subsidiaries' income statement in 2019 and 2020 are illustrated in Table 1.

Table 1: Income Statement for year 2019 -2020

Type of Revenue (Million baht)	2020	2019	%YoY
Interest income			
Interest on loans	8,002.72	8,047.67	(0.6)
Interest on interbank and money market items	251.33	575.86	(56.4)
Hire purchase and financial lease income	8,360.38	9,025.26	(7.4)
Investments	142.27	232.41	(38.8)
Total interest income	16,756.71	17,881.21	(6.3)
Interest expenses	(3,659.00)	(5,088.80)	(28.1)
Net interest income	13,097.71	12,792.41	2.4
Fee income			
Fee income	5,459.69	6,510.97	(16.1)
Fee expenses	(313.66)	(325.75)	(3.7)
Net fee income	5,146.03	6,185.22	(16.8)
Gain (Loss) on the financial instruments measured at fair value and investment	269.86	(17.41)	n.a.
Share of profit (loss) from subsidiaries	(1.72)	12.11	(114.2)
Other operating income	392.06	463.32	(15.4)
Total operating income	18,903.94	19,435.65	(2.7)
Operating expenses	(8,011.82)	(9,270.79)	(13.6)
Expected Credit Loss	(3,330.60)	(1,109.10)	200.3
Profit before tax and minority interest	7,561.52	9,055.75	(16.5)
Corporate income tax expenses	(1,497.65)	(1,782.55)	(16.0)
Profit before minority interest	6,063.86	7,273.20	(16.6)
Non-controlling interests of subsidiaries	(0.38)	(2.96)	(87.2)
Net profit	6,063.48	7,270.23	(16.6)

(1) Net Interest Income

In 2020, net interest income was 13,097.71 million baht, increased by 305.30 million baht (2.4% YoY). Total interest income was 16,756.71 million baht, dropped by 1,124.50 million baht (6.3% YoY). Whereas, interest expense was 3,659.00 million baht, declined by 1,429.80 million baht (28.1% YoY).

Yield on loans for the year 2020 increased to 7.08% from 6.91% (YoY) resulting from an increase in the proportion of high-yield consumer loans, together with the adoption of TFRS 9 to use effective interest rate (EIR) and recognize the accrued interest income of non-performing loans. If excluding the effect from TFRS 9, yield on loans decreased to 6.8% following the policy rate cuts. Meanwhile, the cost of fund decreased from 2.11% to 1.58% (YoY) owing to an effective cost management during a declining interest rate environment, as well as the reduction of contribution rate to the FIDF from 0.46% to 0.23% in accordance with the measure by the Bank of Thailand. Consequently, loan spread improved from 4.80% to 5.50% (YoY) whereas the net interest margin was at 4.62%.

Table 2: Loan Spread

%	2020	2019*
Yield on Loans	7.08	6.91
Cost of fund	1.58	2.11
Loan spread	5.50	4.80
Net Interest Margin	4.62	4.22

* Excluding the revision of interest income recognition and credit cost prior to TFRS 9 adoption

(2) Non-interest Income

Non-interest income totaled 5,806.23 million baht, softened by 12.6% (YoY) from a slowdown in economic activities amid the spread of COVID-19. Non-interest income from core businesses totaled 5,736.19 million baht, declined by 12.4% (YoY) mainly from a decrease in banking fee income by 1,085.37 million baht (24.6% YoY) to 3,321.19 million baht, caused by weaker bancassurance business and loan-related fee income following lower new business volume. Meanwhile, brokerage fee income increased by 66.75 million baht (9.3% YoY) to 784.80 million baht owing to higher trading volume amid volatile capital market. Asset management basic fee also increased by 115.86 million baht (8.3% YoY) to 1,514.32 million baht, thanks to the issuances of new funds in response to investors' needs. Furthermore, the Company recorded investment banking fee amounting 83 million baht from underwriting service throughout the year.

Table 3 : Non-Interest Income from Core Businesses

Type of Fee Income Unit: Million baht	2020	2019	%YoY
Banking Fee	3,321.19	4,406.56	(24.6)
<i>Bancassurance Fee</i>	2,222.94	3,129.05	(29.0)
<i>Other Banking Fee</i>	1,098.53	1,277.51	(14.0)
Asset Management Basic Fee	1,514.32	1,398.46	8.3
Brokerage Fee	784.80	718.04	9.3
Investment Banking Fee	115.60	24.76	367.0
Total Non-Interest Income from Core Businesses	5,736.19	6,547.82	(12.4)

Other non-interest income increased by 44.1% (YoY). This year, the Company recorded the gain on financial instruments measured at fair value through profit or loss (FVTPL) amounting 257 million baht to reflect an increase in investment value to be in accordance with TFRS 9.

(3) Operating Expenses

Operating expenses totaled 8,011.82 million baht, decreased by 1,258.97 million baht (13.6% YoY), resulting from a decrease in variable expenses associated with revenue and profit contraction. The Company still maintained effective operating cost control with cost to income ratio at 42.4%.

(4) Expected Credit Loss

Expected credit loss (ECL) totaled 3,330.60 million baht, increased comparing with bad debt, doubtful accounts and impairment losses of 1,109.10 million baht in 2019, and accounted for 1.42% of average loans. The increasing ECL was resulted from an increase in credit risk during an economic slowdown caused by COVID-19 pandemic. ECL for the fourth quarter further increased from the previous quarter even though the NPLs improved. However, with the resurgence of the pandemic during the end of the year, the Company considered the increase in ECL to cushion against potential risk arising from ongoing uncertainties. Moreover, the Company released the excess reserve amounting 1,056

million baht (or 264 million baht per quarter) which is subject to the gradual release under straight-line amortization method for 2-year time (Year 2020-2021) in alignment of the Bank of Thailand's guideline.

Regarding the debt relief measures by the Bank of Thailand, the Company has provided the relief programs through debt restricting and debt moratorium while the Company maintained stringent ECL impairment policy based on the actual loan repayment status in accordance with TFRS 9 standard.

(5) Corporate Income Tax

In 2020, the corporate income tax was 1,497.65 million baht, equivalent to the effective tax rate of 19.8%, increased from 19.7% in 2019. The Company has complied with law and regulations as stipulated by Revenue Department.

Table 4: Summary of Revenue, Net Profit and Income Tax Expenses 2019 and 2020

2020 Unit: Million baht				2019 Unit: Million baht			
Total Staffs	Total Revenue	Net Profit	Corporate income tax expenses	Total Staffs	Total Revenue	Net Profit	Corporate income tax expenses
5,015	18,903.94	6,063.48	1,497.65	4,997	19,435.65	7,270.23	1,782.55

14.2 Financial Position

The Management Discussion and Analysis on operating results on financial status is a comparison between the financial positions as December 31, 2020 and December 31, 2019

(1) Assets

As of December 31, 2020, the Company's total assets were 275,443.21 million baht, decreased by 7.6% (YoY). Loan portfolio declined from 242,826.14 million baht at the end of 2019 to 224,811.55 million baht (7.4% YoY). Interbank and money market decreased from 45,300.14 million baht to 38,212.03 million baht (15.6% YoY). Moreover, investments were divided into financial assets measured at fair value through profit or loss amounting 2,173.02 million baht and net investments amounting 9,953.26 million baht.

Table 5: Assets Breakdown as of December 31, 2019 and 2020

Assets	December 31, 2020		December 31, 2019		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,220.21	0.4	1,102.56	0.4	10.7
Interbank and Money Market Items	38,212.03	13.9	45,300.14	15.2	(15.6)
Derivatives	62.09	0.0	21.91	0.0	183.4
Financial assets measured at fair value through profit or loss	2,173.02	0.8	-	-	n.a.
Investments – Net	9,953.26	3.6	9,363.03	3.1	6.3
Investments in subsidiaries, associates and JV	804.92	0.3	813.60	0.3	(1.1)
Loans	224,811.55	81.6	242,826.14	81.4	(7.4)
Allowance for expected credit loss	(11,825.54)	(4.3)	(10,716.71)	(3.6)	10.3
Other Assets	10,031.68	3.6	9,432.42	3.2	6.4
Total Assets	275,443.21	100.0	298,143.09	100.0	(7.6)

(2) Liabilities

As of December 31, 2020, total liabilities were 235,981.13 million baht, decreased by 8.9% (YoY). Total deposits decreased from 216,121.47 million baht to 203,509.74 million baht (5.8% YoY) and debentures declined from 24,980.00 million baht to 12,789.00 million baht (48.8% YoY). Whereas, interbank and money market increased from 4,656.13 million baht to 5,807.65 million baht (24.7% YoY).

Table 6: Liabilities Breakdown by Area as of December 31, 2019 and 2020

Liabilities	December 31, 2020		December 31, 2019		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	203,509.74	86.2	216,121.47	83.4	(5.8)
Interbank and money market items	5,807.65	2.5	4,656.13	1.8	24.7
Debentures	12,789.00	5.4	24,980.00	9.6	(48.8)
Others	13,874.74	5.9	13,189.37	5.2	5.2
Total Liabilities	235,981.13	100.0	258,946.98	100.0	(8.9)

(3) Shareholders' Equity

As of December 31, 2020, shareholders' equity was 39,462.08 million baht, increased by 265.97 million baht (0.7% YoY) from an increase in retained earnings of the year 2020. As a result, the book value per share (BVPS) as of December 31, 2020 was 49.29 baht per share, increased from 48.96 baht per share at the end of 2019.

(4) Liquidity

As of December 31, 2020, The Company's cash was 1,220.20 million baht, increased by 10.7% (YoY). There was net cash flow received in operating activities total of 18,918.06 million baht mainly contributed by an increase of loans while net cash flow used in investing activities totaled 2,463.58 million baht, primarily from the cash paid for purchase of investment in securities held. Meanwhile, the net cash flows used in financing activities totaled 16,336.83 million baht, mainly driven by the cash paid for long-term debentures.

(5) Sources and Uses of Funds

As of December 31, 2020, the funding structure as shown in the consolidated financial statement comprised of 235,981.13 million baht in liabilities and 39,462.08 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 6.0 times. The major source of funds on liabilities side was deposits, which accounted for 73.9% of total source of funds. Other sources of funds included interbank and money market items accounted for 2.1% of total source of funds, 9.7% of debenture and other liabilities, and 14.3% of shareholders' equity, respectively. The Company's major use of funds was loans, amounting 224,811.55 million baht, resulting in a loan-to-deposit ratio¹ of 110.5%. The other uses of funds include interbank and money market items, and various securities.

(6) Contingent liabilities

As of December 31, 2020, TISCO Bank, a subsidiary of The Company, had avals, guarantees, and commitments totaled 3,045.54 million baht, increased by 52.7%(YoY).

14.3 Business Segment Performances**(1) Banking Business****Loans**

Total loans and receivables as of December 31, 2020 were 224,811.55 million baht, declined by 18,014.59 million baht (7.4% YoY) from a contraction in retail lending and commercial lending. The composition of loan portfolio was 77.8% of retail loans, 16.7% of corporate loans, 4.5% of commercial loans and 1.1% of other loans.

Retail Lending

Retail Lending portfolio totaled 174,870.98 million baht, decreased by 8.3% (YoY). The total retail portfolio as of December 31, 2020 consisted of 72.7% car and motorcycle hire purchase loans, 19.4% loans against auto license and 7.9% housing loans. The outstanding hire purchase loans totaled 127,110.32 million baht, dropped by 7.9% (YoY) following stricter loan underwriting policy amidst rising risk and high level of household debt. The domestic car sale in 2020 was

¹ Deposit includes short-term borrowings from the Bank's regular client base

792,110 units, decreased by 21.4% (YoY), compared to 1,007,552 units in 2019. The car penetration rate of TISCO for the year of 2020 declined to 5.2%.

Loans against auto licenses ("Auto Cash") amounted 33,889.01 million baht, contracted by 5.0% (YoY), from all channels. Even though during the economic downturn, the demand for consumer loans remained high, however with the rising risk from economic uncertainties, the Company remained stringent and cautious on the loan underwriting policy awaiting for clarity on economic recovery. Loans from "Somwang" channels amounted 18,039.46 million baht, declined by 373.46 million baht (2.0% YoY), and accounted for 53.2% of total loans against auto licenses. Nevertheless, the Company continued the network expansion strategy, which by the end of 2020 "Somwang" loan offices totaled 347 branches nationwide.

Housing loans totaled 13,871.64 million baht, dropped by 18.4% (YoY) following highly competitive market condition and rising risk.

Corporate Lending

Commercial Lending portfolio totaled 37,433.59 million baht, increased by 2.0% (YoY), due to the loan drawdown from real estate and construction sector.

Commercial Loans

Commercial Lending portfolio totaled 10,035.11 million baht, dropped by 24.0% (YoY) owing to a slowdown in car inventory financing business during subdued economic situation.

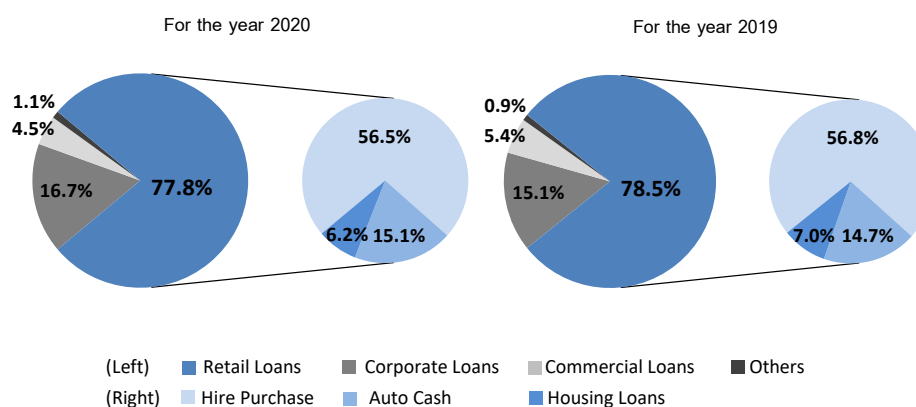
Other Loans

Other Loans portfolio totaled 2,471.87 million baht, increased by 8.2% from the previous year.

Table 7: Loans and Receivables Breakdown

Type of Business	December 31, 2020		December 31, 2019		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	1,686.33	0.8	2,630.54	1.1	(35.9)
Real Estate and Construction	16,430.04	7.3	14,674.57	6.0	12.0
Public Utilities and Services	19,317.22	8.6	19,388.66	8.0	(0.4)
Corporate Loans	37,433.59	16.7	36,693.77	15.1	2.0
Commercial Loans	10,035.11	4.5	13,200.02	5.4	(24.0)
Hire Purchase	127,110.32	56.5	137,990.30	56.8	(7.9)
Loans against auto license	33,889.01	15.1	35,660.00	14.7	(5.0)
Mortgage Loans	13,871.64	6.2	16,996.46	7.0	(18.4)
Retail Loans	174,870.98	77.8	190,646.76	78.5	(8.3)
Others	2,471.87	1.1	2,285.59	0.9	8.2
Total Loans	224,811.55	100.0	242,826.14	100.0	(7.4)

Loan Breakdown



At the end of 2020, Bank of Thailand's debt relief program phase 1 has ended. Most of the clients in the program can resume their normal debt repayment while a few of them requested for the extension of relief program phase 2.

Non-Performing Loans (NPLs) and Expected Credit Loss

At the end of 2020, the Company reported NPLs amounting 5,618.48 million baht, decreased by 215.95 million baht (3.7% YoY), and accounted for NPL ratio of 2.50%. The decline was mainly resulted from one corporate client that resumed debt repayment. On the other hand, NPLs of hire purchase loans and loans against auto licenses increased caused by an economic slowdown from the spread of COVID-19 that affected the debt serviceability of clients. Nevertheless, during the second half of the year, the Company focused more on debt collection processes, therefore NPLs of retail portfolio did not increase much comparing to at the end of 2019. In the meantime, the Company has maintained close monitoring and follow-ups to all client groups, as well as continued the cautious setup of ECL.

Stage 2 loans at the end of 2020 totaled 29,517.41 million baht, increased comparing with Special Mention loans in the previous accounting standard in 2019, mainly from the inclusion of an assessment of a significant increase in credit risk (SICR) which defined additional classification factors in addition to the loan overdue guideline, to be in accordance with TFRS 9.

Table 8: Loan Classification

Loan Classification Unit: Million baht	As of Dec 31, 2020	As of Dec 31, 2019	%YoY
Loans with no significant increase in credit risk (Performing)	189,675.65	220,168.77	(13.8)
Loans with significant increases in credit risk (Under-performing)	29,517.41	16,822.93	75.5
Loans that are credit-impaired (NPLs)	5,618.48	5,834.44	(3.7)
Total Loans	224,811.55	242,826.14	(7.4)

Table 9: NPLs Breakdown by Area

Type of NPLs	As of Dec 31, 2020		As of Dec 31, 2019		%YoY
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and Commerce	-	-	259.45	9.86	(100.0)
Real Estate and Construction	-	-	-	-	n.a.
Public Utilities and Services	-	-	-	-	n.a.
NPLs - Corporate Loans	-	-	259.45	0.71	(100.0)
NPLs - Commercial Loans	64.03	0.64	158.45	1.20	(59.6)
Hire Purchase	3,267.99	2.57	3,248.86	2.35	0.6
Loans against auto license	1,295.44	3.82	848.02	2.38	52.8
Housing Loans	986.35	7.11	1,315.69	7.74	(25.0)
NPLs - Retail Loans	5,549.77	3.17	5,412.57	2.84	2.5
Others	4.68	0.19	3.97	0.17	18.0
Total NPLs	5,618.48	2.50	5,834.44	2.40	(3.7)

The Company reported expected credit loss (ECL) amounting 3,330.60 million baht, increased comparing with bad debt, doubtful accounts and impairment losses of 1,109.10 million baht in 2019, and accounted for 1.42% of average loans. The increasing ECL was resulted from an economic slowdown caused by COVID-19 pandemic. ECL for the fourth quarter further increased from the previous quarter even though the NPLs improved. However, with the resurgence of the pandemic during the end of the year, the Company considered the increase in ECL to cushion against potential risk arising from ongoing uncertainties. Moreover, the Company released the excess reserve amounting 1,056 million baht (or 264 million baht per quarter) which is subject to the gradual release under straight-line amortization method for 2-year time (Year 2020-2021) in alignment of the Bank of Thailand's guideline.

Total allowance for expected credit loss of the Company was 11,825.54 million baht, which consisted of ECL impairment of 10,769.15 million baht and excess reserve of 1,056.40 million baht. Hence, loan loss coverage ratio improved to 210.5% at the end of 2020.

Deposits

Total deposits and borrowings amounted 216,298.74 million baht, decreased by 10.3% (YoY). Total deposits reported at 203,509.74 million baht, decreased by 12,611.73 million baht (5.8% YoY), and debentures decreased by 12,191.00 million baht (48.8% YoY), totaling 12,789.00 million baht. As of December 2020, the Bank had liquid assets totaling 47,272 million baht, decreased by 2,424 million baht 4.9 % (YoY). Thus, the liquid assets were accounted for 21.3% of total deposits and borrowings, and LCR ratio stood at 138.5%.

Table 10: Deposits Structure

Type of Deposits	December 31, 2020		December 31, 2019		Change (% YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	3,199.91	1.6	2,638.32	1.2	21.3
Saving accounts	50,319.59	24.7	37,801.62	17.5	33.1
Fixed accounts	43,882.32	21.6	56,560.88	26.2	(22.4)
Negotiate certificate deposit	106,071.01	52.1	119,083.73	55.1	(10.9)
Short-term borrowings	36.92	0.0	36.92	0.0	0.0
Total Deposits	203,509.74	100.0	216,121.47	100.0	(5.8)

(2) Securities Business

In 2020, brokerage fee income of TISCO Securities grew by 9.3% (YoY) to 784.80 million baht, driven by an increase in trading volume of local institutions and retail investors. Whereas, average daily turnover of TISCO Securities weakened from 1,918.01 million baht to 1,768.61 million baht mainly from lower market trading volume of foreign institutions after the termination of the joint venture agreement in "Deutsche TISCO Investment Advisory Company Limited". TISCO Securities' market share contracted from 2.1% to 1.5% (YoY) from a decline in market share of foreign institutions and retail investors from 1.2% to 0.03% (YoY) and 1.9% to 1.5% (YoY) respectively. On the other hand, the market share of local institutions (excluding proprietary trading) increased from 6.3% to 6.7% (YoY). All in all, TISCO brokerage volume comprised of 51.0% of local institutions, 0.9% of foreign institutions, and 48.1% of retail investors.

On October 21, 2020, TISCO Securities started a business co-brand alliance with Jefferies Hong Kong Limited which is expected to support an increase in trading activity of foreign institutional investors in the future.

(3) Asset Management Business

As of December 31, 2020, assets under management of TISCO Asset Management reported at 318,567.53 million baht, improved by 9.8% (YoY) from a growth in all businesses especially provident fund. Total fee income from asset management totaled 1,571.26 million baht, decreased by 10.7% (YoY) which comprised of basic fee income amounting 1,514.32 million baht, rose by 8.3% (YoY) owing to issuances of new funds in response with investors' needs. In addition, performance fee for the year 2020 was reported at 56.95 million baht.

The composition of total asset under management was 64.7% provident fund, 18.6% private fund, and 16.7% mutual fund. Total market share of TISCO Asset Management as of December 31, 2020 was 3.9%, ranking 8th in the market. The market share of provident fund was 16.5%, ranking 1st in the market. The market share of private fund was 3.0%, ranking 5th in the market and the market share of mutual fund was 1.1%, ranking 14th in the market.

Table 11: Assets under Management Breakdown by Type of Fund as of December 31, 2019 and 2020

Type of Funds	December 31, 2020		December 31, 2019		Change (%YoY)
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	205,993.72	64.7	184,246.82	63.5	11.8
Private Fund	59,240.02	18.6	56,824.62	19.6	4.3
Mutual Fund	53,333.79	16.7	49,167.53	16.9	8.5
Total AUMs	318,567.53	100.0	290,238.97	100.0	9.8

14.4 Capital Requirements

As of December 31, 2020, TISCO Group's internal capital (ICAAP) stood at 40,538.25 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital increased by 200.04 million baht from the end of 2019 to 13,024.70 million baht mainly resulting from an increase in credit risk capital. In addition, the capital surplus remained strong at 27,513.55 million baht or 67.9% of total capital.

Comparing to the end of 2019, the credit risk capital rose by 324.60 million baht, or 3.3%, to 10,188.77 million baht. Loan portfolio contracted by 7.4% mostly in retail portfolio, while non-performing loan of TISCO Group increased from 2.4% to 2.5% mainly resulting from the impact of economic slowdown due to the COVID-19 situation.

The market risk capital decreased from 206.20 million baht to 73.09 million baht as a result of an increase in SET index. Meanwhile, the overall duration gap decreased from 0.89 year to 0.70 year, which was in a manageable level. The assets duration fell from 1.39 year to 1.27 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, increased from 0.50 year to 0.57 year.

Table 12: Average Duration Mismatch of Assets and Liabilities and Its Impact

	Duration (years)		1-Y Net interest income change to 1% interest rate increase (MB)	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2020
Assets	1.27	1.39	1,213.37	1,361.11
Liabilities*	0.57	0.50	(1,110.93)	(1,384.39)
Net Gap	0.70	0.89	102.44	(23.28)

Note: * Exclude saving and current account

In terms of regulatory capital requirement of the Bank, TISCO Group, and Securities Company, the positions were strong and sufficient levels to cushion for the expansion of asset in the future. At the end of December 2020, the regulatory capital based on IRB approach of the Bank was 38,317.82 million baht, while the capital adequacy ratio (BIS ratio) stood at 22.78%, remaining higher than 11.0% required by the Bank of Thailand. Tier-I and Tier-II ratios of the Bank stood at 18.07% and 4.71%, respectively, in which Tier-I ratio also remained higher than the minimum requirement at 8.5%. For TISCO Group, the regulatory capital based on IRB approach was 40,477.63 million baht, with BIS ratio, Tier-I and Tier-II ratios at 21.86%, 17.48% and 4.38%, respectively, which also remained higher than the minimum capital requirement. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 43.47%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 13: Regulatory Capital Requirement

Capital Adequacy Unit: %	As of Dec 31, 2020	As of Dec 31, 2019
TISCO Financial Group		
Tier-I	17.5	16.3
Tier-II	4.4	4.4
BIS Ratio	21.9	20.7
TISCO Bank		
Tier-I	18.1	17.3
Tier-II	4.7	4.7
BIS Ratio	22.8	22.1

14.5 Credit Rating

The Company got credit rating 'A-' and rating outlook "Stable" as at April 17, 2020 from TRIS Rating Co., Ltd. The ratings reflect the Company's strong asset quality, capital base, profitability. The detail of credit ratings is shown as follows;

Credit Rating (Unsolicited Rating)	Announcement Date April 17, 2020
Company Rating	A-
Rating Outlook	Stable

14.6 Forward Looking

The macro environment factors that stand to impact the Company's operating performance can be broken down into economic health, market interest rate trends, and loan demand. Details on these are provided as follows:

The Company expects the domestic economy to softly recover amidst uncertainty in the global economy and fragile domestic factors. Resurgence of COVID-19 infections has pressured private consumption and tourism recovery, heightening risk to the economy. Meanwhile, the high level of household debt is a key factor which continues to pressure purchasing power and increase the fragility of financial positions. As COVID-19 vaccines are being continually developed, it is expected that mass vaccination programs will eventually bring infections under control, which, in turn, will be a positive catalyst to exports and tourism recovery – Thailand's key economic drivers. Meanwhile, accommodative fiscal and monetary policies will continue to support private spending.

On market interest rates, the Company anticipates that the Bank of Thailand will retain an accommodative monetary policy to shore up economic conditions, alongside government stimulus measures to support economic recovery throughout 2021. To limit the build-up of systemic financial risks in the long run, the Bank of Thailand has implemented macroprudential policies which bolster resilience and stability of the financial system, particularly consumer loans and market conduct. These policies are key factors that weigh on commercial bank lending, leading to sluggish overall loan growth.

The Company anticipates that the credit business will be limited to growing in line with economic conditions. Domestic car sales, key to the hire purchase business of the Company, are expected to slightly rise from the previous year, driven by attractive promotional campaigns for new car models. Meanwhile, the auto cash business is expected to grow in line with higher loan demand. For the wealth management business, the Company expects moderate growth driven by the search for yield amid the low interest rate environment as well as Thailand's aging society. These factors increase interest in financial planning, including life and health insurance in the long run.

Looking ahead, the domestic economy should gradually recover along with global economy. However, the recovery is surrounded with uncertainty, particularly recovery in consumer purchasing power. Thus, the Company will continue to follow our focused strategies, good corporate governance, prudent business practice, strong risk management disciplines and customer-centric product and service development in order to ensure business continuity and resiliency in the long run.