

## Attachment 5

### Report of the Executive Board

Appointed by the Board of Directors on June 29, 2020, the Executive Board of TISCO Financial Group Public Company Limited comprised four executive directors:

- |                                 |          |
|---------------------------------|----------|
| 1. Mr. Suthas Ruangmanamongkol  | Chairman |
| 2. Mr. Chi-Hao Sun (Howard Sun) | Member   |
| 3. Mr. Satoshi Yoshitake        | Member   |
| 4. Mr. Sakchai Peechapat        | Member   |

All above directors are members of the Executive Board Committee throughout the Year 2020

The Executive Board convened twelve meetings throughout the Year 2020 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. Acknowledged the COVID-19 situation and impact including new rules and/or measures from the Bank of Thailand,
11. Reported to the Board of Directors an annual assessment of the Executive Board performance,
12. Reviewed the Executive Board Charter and proposed to the Board of Directors for approval,
13. 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 28, 2021

## Attachment 7

### Report of the Risk Oversight Committee

During the Year 2020, 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;

- |                                   |             |
|-----------------------------------|-------------|
| 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 2020.

In 2020, the Risk Oversight Committee convened six meetings on various matters in accordance with the duties and responsibilities mandated by the Charter of the Risk Oversight Committee. There was the agenda of the Joint Meeting of Risk Oversight Committee and Audit Committee on the fifth meeting. All meeting results were reported to the Board of Directors, in which the activities in each meeting are summarized as follows;

1. The Committee reviewed the policies for risk management as sufficient to be recommended for the Board's adoption, subject to the Executive Board's approval and also reviewed TISCO risk exposures, KRI monitoring and key activities by risk types. The Committee reviewed and concurred the Risk Self-Assessment for year 2019, the Self-Assessment of TISCO Bank internal control system, the Performance Self-Assessment of the ROC for year 2019, the Report of the ROC to be disclosed in the Form 56-1 and annual report for year 2019, and the Charter of the ROC. In addition, the Committee considered and approved Annual Plan of the ROC for year 2020. The Committee considered and acknowledged The Bank of Thailand's audit report and examination results for year 2019 and the AMLO audit report of TISCO Bank for year 2019. The Committee considered and concurred Annual Compliance Report for year 2019, and Compliance Plan for year 2020.
2. The Committee considered and acknowledged the COVID-19 risk assessment and its impact as well as TISCO preventive measures. The Committee reviewed the TISCO Bank ICAAP report and supervisory stress testing, the TISCO Group recovery plan. The Committee also reviewed and concurred the revised TISCO Group Compliance Policy, Compliance Charter and TISCO Group AML/CFT/WMD Policy. In addition, the Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, for the period of January to February 2020.
3. The Committee considered and acknowledged the COVID-19 risk assessment, financial projections and impact on balance sheet and capital adequacy, as well as TISCO BCP, TISCO strategic risk on demographic change and digital banking strategy. The Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, for the period of March to April 2020. In addition, The Committee considered the transaction of THAI debenture as reasonable in preventing the potential mutual fund run and protecting TISCO image.
4. The Committee reviewed the assumptions and results of COVID-19 Impact Self-Assessment Report as appropriate with sufficient capital level for year-end 2020. The Committee acknowledged the implementation of BCP COVID-19, the Mutual Funds Management Oversight Guideline, and the SET Assessment Report of TISCO Securities on Self-Regulatory Project for the year 2019. Moreover, the Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, for the period of May to June 2020.
5. The Committee acknowledged the SEC Examination report of TISCO Asset Management and suggested that the relevant management should actively coordinate with regulator, and focus on developing preventive actions, prioritizing on reputation risk, and impact to customers. The Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, for the period of July to August 2020. For the joint meeting of Risk Oversight Committee and Audit Committee, the Committees exchanged views of sufficiency and effectiveness of TISCO risk management for year 2020 whereby the ROC will incorporate the view from the AC for review of risk management practice in terms of sufficiency and effectiveness. The Committees acknowledged key audit issues by the BOT and Internal Audit, whereby key issues raised by AC relating to operational risk and IT risk, which will be further reviewed in the ROC meeting.
6. The Committee reviewed the sufficiency and effectiveness of TISCO risk management for the year 2020, the methodologies and results of Supervisory stress testing as appropriate with sufficient capital level in all stress scenarios. The Committee acknowledged the SEC follow-up report of TISCO Asset Management Co., Ltd. The Committee reviewed TISCO risk exposures, KRI monitoring and key activities by risk types, for the period of September to October 2020. The Committee also acknowledged the risk classification for debt relief clients according to the BOT classification criteria, and emphasized that TISCO should be cautious on risk assessment with close monitoring and follow-up of accounts under debt relief programs.

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)

Chairperson of the Risk Oversight Committee

January 20, 2021

## 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:

- |  |             |
|--|-------------|
| 1. Assoc. Prof. Dr. Angkarat Priebjrivat | Chairperson |
| 2. Mr. Sathit Aungmanee                  | Member      |
| 3. Dr. Kulpatra Sirodom                  | Member      |

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, auditability 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 2020 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 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 quarter and annual 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 2020.
- **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:** Acknowledged the management's presentation on the effectiveness of risk management system, capital adequacy, IT risk management and operational risk management. Acknowledged reports on material IT or 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.

- Angkarat Priebjrivat -

(Assoc. Prof. Dr. Angkarat Priebjrivat)

Chairperson of the Audit Committee

January 22, 2021

## Attachment 8

### Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on June 29, 2020, 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.

The Nomination and Compensation Committee has performed their duties as delegated by the Board of Directors which is consistent with the responsibilities in the Charter. In 2020, the Committee convened five meetings, all of which were reported and ratified by the Board of Directors, were as follows: Reviewing the Guidelines for Board Composition and Selection Criteria for TISCO Group and recommending to the Board of Directors for approval,

1. Reviewing the Guidelines for Board Composition, Nomination and Selection Criteria for TISCO Group to be suit with the situation 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 2020 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, and recommending to the Board of Directors for endorsement;
10. Evaluating and proposing the results of the Group Chief Executive's performance to the Board of Directors for approval;
11. Considering the director succession plan to be in accordance with the Bank of Thailand's regulation on Corporate Governance of Financial Institutions;

12. Reviewing the Charter and the Annual Plan of the Committee and recommending to the Board of Directors for approval;
13. Acknowledging the professional development program for Directors and Management;
14. Considering the appointment of new directors for replacement of TISCO Financial Group and/or TISCO Bank, and recommending to the Board of Directors to further recommend to the Annual General Meeting of Shareholders for approval;
15. Approving the promotion of senior management level of TISCO, and reporting to the Board of Directors for acknowledgement;
16. Approving the incentive pay, bonus appropriation for management and staff for the year 2020, and reporting to the Board of Directors for acknowledgement;
17. 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 with full effort, carefulness, transparency and independence according to the good corporate governance, as well as conform 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 23, 2021

## Attachment 9

### Report of the Corporate Governance Committee

Appointed by the Board of Directors on June 29, 2020, the Corporate Governance Committee of TISCO Financial Group Public Company Limited comprises independent and non-executive directors as follows.

- |                                       |                                     |
|---------------------------------------|-------------------------------------|
| 1. Professor Dr. Teerana Bhongmakapat | Chairman and Non-Executive Director |
| 2. Professor Dr. Pranee Tinakorn      | Member and Independent Director     |
| 3. Dr. Charatpong Chotigavanich       | 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 2020, 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 two meetings with full attendance, as the following summary:

1. Considered the Charters of the Board Committees regarding Compliance roles and responsibilities,
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, and the Stock Exchange of Thailand, and recommended enhancement to the Board,
3. Acknowledged the result of satisfaction survey on holding the Annual General Meeting of Shareholders for the year 2020,
4. Reviewed and acknowledged the result of material sustainability topics survey mattered to TISCO Group and stakeholders,
5. Acknowledged the content structure of Sustainability Report prepared in alignment with the reporting principle and standard of disclosures under Global Reporting Initiative Standard,
6. Reviewed and acknowledged the implementation progress of Corporate Governance and Sustainable Development including the environmental and social risk assessment,
7. Considered and acknowledged the progress of the Thai Banker's Association on Sustainable Banking and Responsible Lending,
8. Acknowledged the Three-year sustainable development Roadmap which respond to UN Sustainability Development Goals and align with TISCO corporate goals, objectives and business directions,
9. Acknowledged the revision of supplier code of conduct guidelines created for the purpose of promoting the sustainable processes and activities to suppliers of TISCO.
10. Supported the knowledge and the realization of the importance on being the sustainable organization by provided the training session on Corporate Sustainability Development to the Board, Managements and employee,
11. Acknowledged the update of Form 56-1 One Report announced by the SEC to be used in the fiscal year 2021,
12. Reviewed the Committee's Charter and annual plan in accordance with laws, regulation and best practices

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 18, 2021



**Attachment 10**

**Internal Control System Assessment Questionnaire**

**TISCO Financial Group Public Company Limited**

**February 24, 2021**

**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		
10.2.1 Collect and regularly update information on major shareholders, Directors, Management,	/	

Question	Yes	No
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.	/	

Question	Yes	No
16.3 Management varies frequency of evaluation depending on changing condition.	/	
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, 2020.

- 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 2020, 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 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

### 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.

### Emphasis of Matters

I draw attention to the following matters:

- a) As described in Note 2 to the financial statements, the Group has adopted the set of Thai Financial Reporting Standards related to financial instruments in the preparation of current year's financial statements and recognized the cumulative effect in accordance with these financial reporting standards and the Bank of Thailand's guideline.
- b) As described in Notes 1.2 and 1.5 to the financial statements regarding 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.

My opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in my professional judgments, 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 expected credit loss on loans to customers

As discussed in Note 4.8 to the financial statements, as at 31 December 2020, the Group had total loans to customers of Baht 226,714 million (accounting for 82% of total assets) and allowance for expected credit loss of Baht 11,826 million, which are material to the financial statements. In 2020, the Group has adopted Thai Financial Reporting Standard No. 9 Financial Instruments, which became effective on 1 January 2020. This standard stipulates the basis to be used for calculation of impairment on financial assets using the expected credit loss method. The basis requires complex calculation modeling, which involves the use of significant management judgments and estimates in the model development, the identification of criteria for a significant increase in credit risk since initial recognition, the probability of default, the loss given default, the exposure at default, the calculation of expected credit loss, the selection of future economic variables to be incorporated into the model and the management overlay adjustment to the allowance for expected credit loss due to limitations of the model. Because of the materiality and the extent of judgments and

estimates as mentioned above, I addressed the adequacy of the allowance for expected credit loss of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relevant to the loan origination and collection processes, the assessment of probability of default, loss given default and exposure at default, as well as the calculation of allowance for expected credit loss on loans to customers, and tested internal control systems over the relevant information technology systems. In addition, I evaluated and tested the reasonableness of the expected credit loss models, the rules and criteria applied by the Group in the assessment of significant increases in credit risk since initial recognition, including the data used in the model design, the effectiveness of models for significant loan types and the governance process over the model development, by examining model development documentation, testing, on a sampling basis, the accuracy and completeness of data used in model development, and assessing the methods and assumptions applied in the calculation.

I assessed the reasonableness of macroeconomic factors and probability of different scenario weights as well as the reasonableness of the management overlay adjustments. In addition, I examined the management's documented policy, which addressed the policies and approaches used to derive the estimation of expected credit loss, and its approval by adequacy of the disclosure management at an appropriate level. I compared accounting policies of the Group with financial reporting standards and rules of the Bank of Thailand, and evaluated the adequacy of the disclosure. Moreover, I examined the allowance for expected credit loss by testing, on a sampling basis, the classification of loans to customers based on the change in credit risks since initial recognition and recalculating the allowance for expected credit loss as at the end of the accounting period, including testing the completeness of data used in the calculation of allowance for expected credit loss.

#### Recognition of interest income on loans to customers

For the year 2020, the Group recognized interest income on loans to customers amounting to Baht 16,363 million (accounting for 87% of total income), which is considered main income of the Group. The Group recognizes interest income using the effective interest rate method, which involves use of management judgments and estimates in the estimation of future cash inflows throughout the expected life of financial instruments, taking into account any discounts or premiums on acquisition, fees and costs that are an integral part of the effective interest rate. In addition, interest income is generated from various types of loans provided to a large number of customers with a high volume of transactions, and each type of loan is subject to different recognition conditions. I therefore focused my audit on whether interest income on loans to customers is recognized correctly, appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relating to the processes of loan origination, interest income recognition and loan collection, including relevant internal controls over information technology systems, by inquiring of management to gain an understanding, assessing the methods applied by the management in estimating future cash inflows and the expected life of financial instruments in the determination of effective interest rate, as well as testing, on a sampling basis, the accuracy of data and calculation. In addition, I applied a sampling method in selecting loan agreements to test whether the recording of loans as well as the income recognition complies with the conditions stipulated in the contracts and is adjusted in line with the effective interest rate according to the income recognition policy, and in accordance with Thai Financial Reporting Standards and the regulations announced by the Bank of Thailand. I also performed analytical procedures on interest income and tested, on a sampling basis, 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 judgment 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 2021

**TISCO Financial Group Public Company Limited and its subsidiaries**
**Statement of financial position**
**As at 31 December 2020**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Assets</b>					
Cash		1,220,207	1,102,557	70	70
Interbank and money market items - net	4.3, 4.10	38,212,028	45,300,141	17,394	1,098,459
Financial assets measured at fair value through profit or loss	4.4	2,173,020	-	890,053	-
Derivatives assets	4.5	62,095	21,907	-	-
Investments - net	4.6, 4.10	9,953,256	9,363,032	205,965	836,827
Investments in subsidiaries and joint venture - net	4.7	804,925	813,602	20,069,143	20,069,135
Loans to customers and accrued interest receivables	4.8, 4.10				
Loans to customers		244,355,748	263,569,157	3,180,000	2,210,000
Accrued interest receivables and undue interest income		1,901,983	1,240,929	-	-
Total loans to customers and accrued interest receivables		246,257,731	264,810,086	3,180,000	2,210,000
Less: Deferred revenue		(19,544,201)	(20,743,017)	-	-
Less: Allowance for expected credit loss	4.9	(11,825,544)	-	(4,134)	-
Less: Allowance for doubtful accounts	4.9	-	(10,709,365)	-	-
Less: Allowance for loss on debt restructuring	4.9	-	(7,343)	-	-
Loans to customers and accrued interest receivables - net		214,887,986	233,350,361	3,175,866	2,210,000
Properties foreclosed - net	4.11	29,671	18,429	-	-
Investment properties	4.12	27,334	30,304	910,728	955,266
Premises and equipment - net	4.13	2,921,739	2,984,152	826,965	800,379
Right-of-use assets - net	4.14	885,486	-	879	-
Intangible assets - net	4.15	214,268	329,460	98,827	124,209
Deferred tax assets	4.33	766,444	1,324,904	202,800	146,763
Securities and derivatives business receivables - net		1,058,180	1,164,066	-	-
Dividend receivables from subsidiaries	4.35	-	-	3,844,954	5,877,944
Other assets	4.16	2,226,573	2,340,175	188,819	196,712
<b>Total assets</b>		275,443,212	298,143,090	30,432,463	32,315,764

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 2020**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	4.17	203,472,825	216,084,551	-	-
Interbank and money market items	4.18	5,807,646	4,656,133	3,780,000	-
Liabilities payable on demand		1,284,765	306,867	-	-
Debts issued and borrowings	4.19	12,825,919	25,016,919	1,629,000	6,300,000
Lease liabilities	4.20	828,590	-	889	-
Provisions	4.21	1,691,054	1,485,868	291,741	265,897
Deferred tax liabilities	4.33	1,097	-	-	-
Securities and derivatives business payables - net		1,033,041	820,545	-	-
Accrued interest payable		735,903	1,005,621	1,029	17,045
Income tax payable		495,672	911,330	10,237	9,380
Other liabilities	4.22	7,804,621	8,659,142	1,603,518	1,449,497
<b>Total liabilities</b>		235,981,133	258,946,976	7,316,414	8,041,819

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 2020**

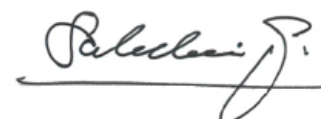
(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Equity</b>					
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
		8,006,555	8,006,555	8,006,555	8,006,555
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
		1,018,408	1,018,408	7,031,523	7,031,523
Other components of equity	4.24	1,837,917	1,810,936	304,430	348,081
Retained earnings					
Appropriated - statutory reserve		801,000	801,000	801,000	801,000
Unappropriated		27,795,056	27,556,084	6,972,541	8,086,786
Equity attributable to equity holders of the Company		39,458,936	39,192,983	23,116,049	24,273,945
Non-controlling interest of the subsidiaries		3,143	3,131	-	-
<b>Total equity</b>		39,462,079	39,196,114	23,116,049	24,273,945
<b>Total liabilities and equity</b>		275,443,212	298,143,090	30,432,463	32,315,764

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 2020**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
Interest income	4.25	16,756,709	17,881,207	65,370	60,658
Interest expenses	4.26	(3,659,000)	(5,088,798)	(70,440)	(86,109)
<b>Net interest income</b>		<b>13,097,709</b>	<b>12,792,409</b>	<b>(5,070)</b>	<b>(25,451)</b>
Fee and service income		5,459,691	6,510,972	-	-
Fee and service expenses		(313,660)	(325,754)	(21,975)	(17,175)
<b>Net fee and service income</b>	4.27	<b>5,146,031</b>	<b>6,185,218</b>	<b>(21,975)</b>	<b>(17,175)</b>
Net gain on financial instruments measured at fair value through profit or loss	4.28	257,485	-	53,226	-
Net loss on trading and foreign exchange transactions	4.29	-	(24,227)	-	(59,493)
Net gain on investments	4.30	12,372	6,817	-	-
Share of profit (loss) from investment accounted for under equity method	4.7.2	(1,717)	12,108	-	-
Dividend income	4.7.1	58,903	64,617	4,821,694	5,877,944
Penalty fee income from loans		217,139	294,907	-	-
Intercompany supporting fee income	4.35	-	-	2,145,465	2,185,213
Other operating income		116,021	103,796	79,293	84,092
<b>Total operating income</b>		<b>18,903,943</b>	<b>19,435,645</b>	<b>7,072,633</b>	<b>8,045,130</b>
<b>Operating expenses</b>					
Employee expenses		5,288,351	6,410,362	1,062,114	997,625
Directors' remuneration		18,160	18,125	18,160	18,125
Premises and equipment expenses		1,272,885	1,304,846	624,414	610,850
Taxes and duties		276,538	296,605	2,238	2,298
Other operating expenses		1,155,889	1,240,853	81,555	113,108
<b>Total operating expenses</b>		<b>8,011,823</b>	<b>9,270,791</b>	<b>1,788,481</b>	<b>1,742,006</b>
Bad debts, doubtful accounts and impairment loss	4.31	-	1,109,103	-	-
Expected credit loss	4.32	3,330,604	-	172,415	-
<b>Profit from operations before income tax expenses</b>		<b>7,561,516</b>	<b>9,055,751</b>	<b>5,111,737</b>	<b>6,303,124</b>
Income tax expenses	4.33	1,497,654	1,782,553	52,442	78,840
<b>Total profit for the year</b>		<b>6,063,862</b>	<b>7,273,198</b>	<b>5,059,295</b>	<b>6,224,284</b>

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 2020**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2020	2019	2020	2019
<b>Other comprehensive income:</b>					
<b><i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i></b>					
Gain (loss) on valuation of investments in debt instruments measured at fair value through other comprehensive income		2,053	-	(1,536)	-
Gain on valuation of available-for-sale investments		-	74,272	-	114,260
Share of other comprehensive income of joint venture - Cash flow hedges of joint venture (loss)		(6,960)	1,342	-	-
Income tax effects	4.33	(411)	(14,854)	307	(22,852)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(5,318)	60,760	(1,229)	91,408
<b><i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i></b>					
Actuarial loss		(40,273)	(288,575)	(13,848)	(20,627)
Income tax effects	4.33	8,072	57,556	2,770	4,125
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(32,201)	(231,019)	(11,078)	(16,502)
<b>Other comprehensive income for the year (loss)</b>		(37,519)	(170,259)	(12,307)	74,906
<b>Total other comprehensive income for the year</b>		6,026,343	7,102,939	5,046,988	6,299,190
<b>Profits attributable to</b>					
Equity holders of the Company	4.34	6,063,483	7,270,233	5,059,295	6,224,284
Non-controlling interests of the subsidiaries		379	2,965		
		6,063,862	7,273,198		
<b>Total comprehensive income attributable to</b>					
Equity holders of the Company		6,025,964	7,100,094	5,046,988	6,299,190
Non-controlling interests of the subsidiaries		379	2,845		
		6,026,343	7,102,939		
<b>Earnings per share of equity holders of the Company</b>					
Basic earnings per share (Baht per share)	4.34	7.57	9.08	6.32	7.77

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 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit from operations before income tax	7,561,516	9,055,751	5,111,737	6,303,124
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	124,178	144,587
Expected credit loss	5,116,156	-	172,415	-
Bad debts and doubtful accounts	-	2,971,802	-	-
Share of (profit) loss from investment accounted for under equity method	1,717	(12,108)	-	-
Allowance for impairment of investments	-	4,769	-	-
Allowance for impairment of properties foreclosed (reversal)	564	(11,111)	-	-
Gain on disposal of investments in securities	(12,372)	(12,501)	-	-
Unrealised (gain) loss on foreign exchange transactions				
and trading derivatives	(21,803)	41,056	1,738	57,716
Gain on financial instruments measured at fair value through profit or loss	(253,456)	-	(54,964)	-
Loss on changes in value of investment properties	2,970	1,022	-	-
Gain on disposal of equipment and intangible assets	(4,891)	(3,290)	(316)	(830)
Loss on written-off of equipment and intangible assets	2,751	2,297	248	55
Gain on disposal of properties foreclosed	(33,340)	(42,934)	-	-
Employee benefit expenses	204,697	406,899	24,364	72,178
Decrease (increase) in accrued income	184,294	(306,256)	(6,506)	4,195
Increase (decrease) in accrued expenses	(801,440)	383,486	148,384	6,581
Net interest income	(13,097,709)	(12,792,409)	5,070	25,451
Dividend income	(58,903)	(64,617)	(4,821,694)	(5,877,944)
Cash received on interest income	15,729,391	16,948,275	61,468	60,526
Cash paid on interest expenses	(3,364,522)	(3,900,762)	(86,432)	(78,935)
Cash received on dividend income	58,903	64,617	6,854,684	5,258,642
Cash received on income tax	-	18,967	-	-
Cash paid on income tax	(1,456,983)	(1,839,085)	(104,386)	(87,136)
Profit from operating activities before changes				
in operating assets and liabilities	10,414,717	11,295,829	7,429,988	5,888,210
Operating assets (increase) decrease				
Interbank and money market items	7,077,408	8,758,584	1,080,847	(456,943)
Loans to customers	12,400,949	(7,808,565)	(970,000)	(135,000)
Securities and derivatives business receivables	105,886	(215,538)	-	-
Receivables from clearing house	(291,291)	114,006	-	-
Properties foreclosed	1,855,053	1,746,124	-	-
Other assets	388,509	3,655	14,399	-33,924

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 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Operating liabilities increase (decrease)				
Deposits	(12,611,726)	22,976,241	-	-
Interbank and money market items	1,151,513	281,459	3,780,000	-
Liabilities payable on demand	977,898	68,648	-	-
Securities and derivatives business payables	212,496	(174,731)	-	-
Short-term debts issued and borrowings	(2,351,000)	460,000	(4,671,000)	460,000
Payables to clearing house	(28,955)	278,256	-	-
Provision for long-term employee benefits	(54,500)	(37,048)	(12,368)	(3,894)
Other liabilities	(328,901)	(565,974)	5,637	(38,646)
<b>Net cash flows from operating activities</b>	<b>18,918,056</b>	<b>37,180,946</b>	<b>6,657,503</b>	<b>5,679,803</b>
<b>Cash flows from investing activities</b>				
Cash paid for purchase of investments in securities	(31,435,476)	(36,584,587)	(371,662)	(122,989)
Cash received from disposal of investments in securities	29,164,080	36,256,313	-	123,000
Cash paid for purchase of equipment	(168,903)	(206,836)	(64,792)	(54,931)
Cash paid for purchase of intangible assets	(30,943)	(46,891)	(18,120)	(27,518)
Cash received from disposal of equipment	7,663	3,565	2,415	7,036
Cash received from disposal of intangible assets	-	395	-	36
Cash paid for acquisition of a subsidiary	-	(87,719)	(8)	(8)
<b>Net cash flows used in investing activities</b>	<b>(2,463,579)</b>	<b>(665,760)</b>	<b>(452,167)</b>	<b>(75,374)</b>
<b>Cash flows from financing activities</b>				
Cash received from issuance of long-term debentures	4,160,000	2,400,000	-	-
Cash paid for redemption of long-term debentures	(14,000,000)	(33,400,000)	-	-
Cash paid on lease liabilities	(291,784)	-	(293)	-
Dividend paid	(6,205,043)	(5,604,429)	(6,205,043)	(5,604,429)
<b>Net cash flows used in financing activities</b>	<b>(16,336,827)</b>	<b>(36,604,429)</b>	<b>(6,205,336)</b>	<b>(5,604,429)</b>
<b>Net increase (decrease) in cash</b>	<b>117,650</b>	<b>(89,243)</b>	<b>-</b>	<b>-</b>
Cash at beginning of the year	1,102,557	1,191,800	70	70
<b>Cash at end of the year</b>	<b>1,220,207</b>	<b>1,102,557</b>	<b>70</b>	<b>70</b>
	-	-	-	-
<b>Supplemental cash flows information</b>				
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	44,538	-
Transfer of premises and equipment to investment properties	-	-	-	124,223

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 2020**

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to equity holders of the Company														
Other components of equity														

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 2020**

(Unit: Thousand Baht)

	Separate financial statements										
	Other components of equity										Total
					Deficit on changes in						
	Issued and paid-up		Share premium		Surplus on	value of investments	Surplus on				
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	changes in value of available-for-sale investments	measured at fair value through other comprehensive income	revaluation of assets	Retained earnings			
								Appropriated	Unappropriated	Total	
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 (Note 5)	-	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)
Profit for the year	-	-	-	-	-	-	-	-	-	6,224,284	6,224,284
Other comprehensive income for the year (loss)	-	-	-	-	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
Balance as at 1 January 2020	99	8,006,456	87	7,031,436	41,787	-	306,294	348,081	801,000	8,086,786	24,273,945
Cumulative effects due to the adoption of new financial reporting standards (Note2)	-	-	-	-	(41,787)	-	-	(41,787)	-	41,787	-
Balance as at 1 January 2020 - after adjustments	99	8,006,456	87	7,031,436	-	-	306,294	306,294	801,000	8,128,573	24,273,945
Dividend paid (Note 5)	-	-	-	-	-	-	-	-	-	(6,205,043)	(6,205,043)
Profit for the year	-	-	-	-	-	-	-	-	-	5,059,295	5,059,295
Other comprehensive income for the year (loss)	-	-	-	-	-	(1,229)	-	(1,229)	-	(11,078)	(12,307)
Total comprehensive income for the year (loss)	-	-	-	-	-	(1,229)	-	(1,229)	-	5,048,217	5,046,988
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	-	(635)	(635)	-	794	159
Balance as at 31 December 2020	99	8,006,456	87	7,031,436	-	(1,229)	305,659	304,430	801,000	6,972,541	23,116,049

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 2020 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and with reference to the regulations stipulated by the Bank of Thailand ("BOT"). The presentation has been made in compliance with the BOT's Notification No. Sor Nor Sor. 21/2561, dated 31 October 2018, regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", which has become effective for the year 2020.

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 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is impacting various businesses and industries both directly and indirectly. This situation could create uncertainties and may be impacting the operating results and cash flows in the future. However, the Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgments in various matters in order to continuously assess the impact as the situation evolves.

##### **1.3 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") (collectively as "the Group") as mentioned in Note 4.1 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 Group 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.

##### **1.4 Separate financial statements**

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

##### **1.5 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 2019) and new financial reporting standards and interpretations which are effective for fiscal year 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 new standards involving changes to key principles, which are summarized 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

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 amortized cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the entity'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.

The impact of the adoption of these standards on the Group's financial statements is as follows:

#### Classification and measurement of financial assets

##### Financial assets - Debt instruments

The Group classifies its financial assets - debt instruments as financial assets that are subsequently to be measured at either amortized cost or fair value in accordance with the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, based on the facts and circumstances as of the date these financial reporting standards were initially adopted. Classifications are as follows:

- Financial assets measured at amortized cost, when both of the following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through other comprehensive income, when both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss, when the financial asset is held within a business model whose objective is not to hold assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

Despite the foregoing, these financial assets - debt instruments may be designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch, with such designation being irrevocable.

##### Financial assets - Equity instruments

All investments in equity are measured at fair value in the statement of financial position.

The Group's management reviewed and assessed existing financial assets as at 1 January 2020, based on the facts and circumstances that existed at that date, and concluded that the following significant changes were required to classification and measurement of the Group's financial assets.

- Termination of the former classification of investments in debt securities as held-to-maturity and available-for-sale, and investments in equity securities as trading, available-for-sale and general investments.
- Classification of the former investments in held-to-maturity debt securities as financial assets measured at amortized cost.
- Classification of the former investments in available-for-sale debt securities as financial assets measured at fair value through other comprehensive income except for investments in unit trusts which are measured at fair value through profit or loss.
- Classification of all investments in equity securities as financial assets measured at fair value through profit or loss, in accordance with the Group's investment policy. As a result of the reclassification, the surplus (deficit) on changes in value of available-for-sale investments previously presented as part of other comprehensive income is to be reclassified and presented in retained earnings. Gain on fair value

measurement of investments in equity instrument of non-listed companies is recognized in the retained earnings.

- Classification of loan receivables as financial assets measured at amortized cost.
- Classification of derivatives assets as financial assets measured at fair value through profit or loss.

#### Classification and measurement of financial liabilities

The adoption of these standards does not have an impact on the classification of financial liabilities. The Group continues to classify and measure its financial liabilities at amortized cost, except for derivatives liabilities which are measured at fair value through profit or loss.

#### Impairment of financial assets

This TFRS requires entities to estimate allowance for expected credit loss in place of the incurred loss recognized under the previous accounting policy. It requires that impairment loss be recognized using the Expected Credit Loss Model, with a management overlay, for all financial assets that are debt instruments and not measured at fair value through profit or loss, including for undrawn commitments and financial guarantees, and it is not necessary for a credit-impaired event to have occurred prior to the recognition. The Group adopts the General Approach to determine expected credit loss of financial assets e.g. loans to customers, loans to financial institutions and investments in debt instruments.

Moreover, the Group considers using the Simplified Approach to determine allowance for expected credit loss over a lifetime for accrued fee and service income.

#### Practice during transitional period

The Group has adopted these financial reporting standards whereby the cumulative effect is recognized as an adjustment to the retained earnings or other components of equity as at 1 January 2020, and the comparative information was not restated. Therefore, the presentation of the 2019 figures cannot be compared with the financial statements for the year 2020.

The cumulative effect of the changes is described in Note 2 to the financial statements.

#### **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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low in 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, adopting the same principles as those of TAS 17.

The Group has adopted these financial reporting standards whereby the cumulative effect is recognized as an adjustment to the retained earnings as at 1 January 2020 (if any), and at the initial adoption the comparative information was not restated.

The cumulative effect of the changes is described in Note 2 to the financial statements.

#### **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations without collateral, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the BOT's measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by the aforementioned situations during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The



guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

The Group has entered into the scheme to provide assistance to affected debtors in accordance with the BOT's guideline. For the debtors who meet the conditions under the temporary relief measures, the Accounting Guidance can be applied as follows:

- (1) For the provision of assistance to loans that are not yet non-performing (Non-NPL), the Group classifies them as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the BOT No. BOT.RPD.(01).C. 380/2563, classification of the debtor remains at the same stage as before.
- (2) For the provision of assistance to non-performing loans (NPL), the Group classifies them as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- (3) Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- (4) The guidelines of the BOT relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- (5) Expected credit loss is determined based on the outstanding balance of the drawn down portion only.
- (6) If the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan, the Group applies a newly calculated effective interest rate to determine the present value of loans that have been restructured and recognizes interest income on the basis of this new effective interest rate during the grace period, or in accordance with the BOT's new guidelines if there are changes.
- (7) In cases where a general approach is used in determining expected credit loss, consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience.

In addition, on 19 June 2020 the BOT issued the circular of the BOT No. BOT.RPD.(01).C. 648/2563 "Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 2".

During the year 2020, the Group has entered into the scheme to provide assistance to affected debtors and elected to apply the above accounting guidance.

#### **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

As of 31 December 2020, the Group has elected to apply the following temporary relief measures on accounting alternatives:

- To measure the fair value as at 31 December 2020 of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognized in each period reversed in proportion to the reduction, with any differences then recognized in profit or loss.

The Group has evaluated that there will be no significant impact on the Group's financial statements after the relief measures expire.

**b) Financial reporting standards that will become effective for fiscal year beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal year beginning on or after 1 January 2021. 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 management of the Group has evaluated that these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

**1.6 Significant accounting policies**

**1.6.1 Income recognition**

**a) Interest and discounts on loans**

Since 1 January 2020, the Group has recognizes interest on loans on an accrual basis, using the effective interest rate method, applied to the outstanding principal amount. The effective interest rate is the discount rate that estimates future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. If loans to customers are later credit-impaired, the Group recognizes interest income using the effective interest rate method applied to the net carrying value of the loan (the loan amount net of allowance for expected credit loss). Subsequently, if the financial asset is no longer credit-impaired, the Group reverts to calculating interest income on a gross carrying amount.

Prior to 1 January 2020, interest on loans was recognized as income on an accrual basis and was based on principal outstanding. Interest on hire purchase receivables and loan against auto license receivables was recognized as income over installment period using effective interest rate method. The Group had policies to cease accruing income for corporate loans on which interest payments had been defaulted for more than one month and to cease accruing income for other loan accounts on which interest payments had been overdue for more than three months. The Group would reverse the already recorded accrued interest from accounts and after that interest would be recognised as income on a cash basis. The accounts would be reinstated to an accrual basis when the overdue amounts were received.

**b) Gain (loss) on financial instruments measured at fair value through profit or loss**

Gain (loss) on financial instruments measured at fair value through profit or loss consists of gain (loss) on trading and foreign exchange transactions, gain (loss) on changes in fair value of derivatives and financial assets measured at fair value through profit or loss, and gain (loss) on sales of financial assets measured at fair value through profit or loss and derivatives, which the Group recognises as income or expenses on the transaction date.

**c) Interest and dividends on investments in securities**

Interest on investments is recognised as income on an accrual basis. Dividend on investments is recognised as income when the right to receive the dividend is established.

**d) Brokerage fees**

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

**e) Gain (loss) on trading of securities and derivatives**

Gain (loss) on trading of securities and derivatives is recognised as income or expenses on the transaction date.

**f) Fee and service income**

Fee and service income is recognised as income on an accrual basis except fee income that is an integral part of the effective interest rate.

g) 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 it is certain that the income has occurred.

**1.6.2 Expense recognition**

a) Interest expenses, fee and service expenses and other operating expenses

Interest expenses, fee and service expenses and other operating expenses are recognised on an accrual basis.

b) Commissions and direct expenses of hire purchase/loan receivables

The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase and loan receivables contracts using the effective interest rate method, and deduct them from interest income over the agreement term.

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 statement 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 Financial assets - Investments**

Since 1 January 2020, the Group has classified investments in securities as financial assets - debt instruments and equity instruments as follows:

Financial assets - Debt instruments

The Group classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, based on the facts and circumstances as of the date these financial reporting standards were initially adopted. Classifications are as follows:

a) Financial assets measured at fair value through profit or loss

Investments in debt instruments held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. The Group recognises these as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss from changes in fair value is recognised in profit or loss.

At the end of reporting period, investment in debt instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

b) Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group recognises these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, gain or loss from changes in fair value is presented as a separate item in other comprehensive income.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position net of allowance for expected credit loss (if any).

c) Financial assets measured at amortised cost

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group recognises these as financial assets measured at amortised cost. These financial assets are initially recognised at fair value as at transaction date.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Financial assets - Equity instruments

All investments in equity instruments are measured at fair value in the statement of financial position. The Group classifies investments in equity instruments as financial assets measured at fair value through profit or loss.

After initial recognition, gain or loss from subsequent changes in fair value of investments in equity instruments is recognised in profit or loss. Dividends on these investments are recognised in profit or loss.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

Fair value

The fair value of marketable securities is calculated 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 non-marketable securities is calculated using discounted future cash flows techniques and/or determined by using a book value of the investees. The fair value of government bonds, state enterprise securities and private debt securities is calculated using the formula determined by the BOT, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions, as the case may be. The fair value of unit trusts is determined based on their net asset value.

Income from investments and disposals of investments

Interest and dividend income on investments is recognised in profit or loss.

Gain (loss) on disposals of investments is recognised in profit or loss on the settlement date. The weighted average method is used for computation of the cost of investments.

Recognition

Purchases and sales of investments are recognised on the settlement date.

Changes in classification of investments in debt instruments

When there are changes in the Group's business model for management of financial assets, the Group has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments in debt instruments on the reclassification date are recorded in profit or loss or other comprehensive income, depending on the classification of the investments.

Accounting policies adopted before 1 January 2020

Prior to 1 January 2020, the Group classified its investments as follows:

- 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 interest rate 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) The fair value of marketable securities is calculated 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 and

state enterprise securities and private sector debt securities is calculated using the formula determined by the BOT, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions, as the case may be. The fair value of unit trusts is determined based on their net asset value.

- f) Loss on impairment (if any) of investments in available-for-sale securities, held-to-maturity debt securities and general investments is recognised in profit or loss.
- g) The weighted average method is used for computation of the cost of investments.
- h) In the event the Group reclassifies 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.
- i) Purchases and sales of investments are recorded on the settlement date.

#### **1.6.5 Investments in receivables purchased or transferred in**

Since 1 January 2020, the Group has reclassified investments in receivables purchased or transferred in as financial assets measured at amortised cost which are initially recognised at acquisition cost. At the end of reporting period, these investments are presented in the statement of financial position at amortised cost net of allowance for expected credit loss (if any).

##### Accounting policies adopted before 1 January 2020

Prior to 1 January 2020, investments in receivables purchased or transferred in are classified as held-to-maturity securities, and are valued at acquisition cost net of allowance for impairment (if any).

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 BOT's guideline as allowance for loans to customers.

#### **1.6.6 Investments in subsidiaries and joint venture**

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

#### **1.6.7 Receivables from/Payables to clearing house**

Receivables from/Payables to clearing house comprise the net balance of amount receivable from/payable to Thailand Clearing House in respect of settlements for securities trades and derivatives instruments including cash pledged with Thailand Clearing House as collateral for derivatives trading, and the net balance of amount receivable from/payable to overseas securities companies in respect of securities trades settled through overseas securities companies.

#### **1.6.8 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.

#### **1.6.9 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 expected credit loss. 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 settling in installments.

#### **1.6.10 Allowance for expected credit loss/Allowance for doubtful accounts**

##### Accounting policies adopted since 1 January 2020 - Allowance for expected credit loss

The Group applies the General Approach to calculate expected credit loss on its financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans to

customers and accrued interest receivables, securities and derivatives business receivables, receivables from clearing house and committed credit lines.

The Group classifies financial assets into three groups (Three-stage approach) in order to measure the allowance for expected credit loss, with the classification of the financial assets determined on the basis of the change in credit quality since the initial transaction date, as follows:

Group 1: Financial assets with no significant increase in credit risk (Performing)

For financial assets with no significant increase in credit risk since the initial recognition date, the Group recognises allowance for expected credit loss at an amount equal to 12-month expected credit loss. For financial assets with maturity of less than 12 months, the Group uses a probability of default that corresponds to remaining terms of the contract.

Group 2: Financial assets with significant increase in credit risk (Under-performing)

For financial assets with significant increase in credit risk since the initial recognition date but that are not credit-impaired, the Group recognises the expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial asset.

Group 3: Financial assets that are credit-impaired (Non-performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset occur. The Group recognises the expected credit loss at the amount equal to expected credit loss over the expected lifetime of the financial assets.

At the end of each reporting period, the Group assesses whether the credit risk of financial assets has increased significantly since the initial recognition date, by comparing the risk of expected default on the financial assets as at reporting date with the risk of default as at the initial recognition date. The Group may use internal quantitative or qualitative bases and forward-looking information as a basis for assessing a decrease in credit quality, such as debtors overdue for more than 30 days and credit rating. Evaluations of whether credit risk has increased significantly since the initial recognition date may be conducted individually or collectively for groups of financial assets.

Loans to customers are considered to be credit-impaired when one or more events occur affecting the estimated future contractual cash flows of the counterparties. Evidence that financial assets are credit-impaired includes being overdue for more than 90 days or indications that debtors are facing significant financial difficulties, breaches of contract, the legal status, renegotiation of terms of repayment or debt restructuring.

In subsequent periods, if the credit quality of financial assets improves and it is assessed that there is no longer significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Group will change from recognising expected credit loss over the expected lifetime to recognising the 12-month expected credit loss.

When the terms of repayment of a loan to customer are renegotiated or the terms of the contractual cash flow are modified because the debtors are in financial difficulty, the loan is considered to be a financial asset with a significant increase in credit risk or credit-impaired, unless there is evidence that the risk of that contractual cash flows will not be recoverable has decreased significantly and there are no other indicators of impairment.

Expected credit loss is the probability-weighted estimate of expected credit loss over the lifetime of a financial instrument, taking into account the present value of all cash flows that are expected not to be recoverable. This is determined with reference to historical loss experience data grouped by asset on the basis of shared credit risk characteristics, taking into account type of loan, type of collateral, months on books, and other relevant factors, adjusted for current observable data, as well as forward-looking information that is supportable and reasonable, provided it can be shown to be statistically related. It also involves the appropriate exercise of judgement to estimate the amount of expected credit loss, using current macroeconomic data and macroeconomic forecasts. The Group determines both current and future economic scenarios, and probability-weights each scenario (base scenario, upturn scenario, downturn scenario and stress scenario) for the purpose of calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant macroeconomic changes affect expected credit loss. However, the Group has established a process to review and monitor the methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis. In addition, expected credit loss also includes a management overlay.

For financial assets that are credit-impaired upon initial acquisition (investments in receivables purchased or transferred in), the Group measures allowance for expected credit loss at an amount equal to the outstanding receivable balance because it does not expect to receive cash flows from these receivables.

The measurement of expected credit loss for loan commitments is the present value difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive. The measurement of expected credit loss for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Group expects to recover.

The increase (decrease) in an allowance for expected credit loss is recognised as an expense in profit or loss in the statement of comprehensive income. The Group has a policy to write off receivables when they are identified as bad debts.

In addition, the Group has adopted the accounting guidance in determining the staging of loans to customers for debtors meeting the criteria for relief measures in accordance with the BOT's circulars.

#### Accounting policies adopted before 1 January 2020 - Allowance for doubtful accounts

The Group provided allowance for doubtful accounts of loans to customers in accordance with the Notifications of the BOT and adjusted 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 except for hire purchase receivables and loan against auto license receivables that are classified as pass and special mention, the Group 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, the Group 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 the 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 Group uses a collective approach, based on historical loss and behavioral grading of those receivables, except for loan against auto license receivables of other subsidiaries which are classified as pass and special mention, the subsidiaries record 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 against auto license receivables to which are classified as sub-standard, doubtful and doubtful of loss, the subsidiaries record allowance for doubtful accounts at a rate 100% of the debt balance net of collateral.

For a subsidiary operating a securities business, an allowance for doubtful accounts is set aside 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 for which their collaterals do not fully cover 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.

Allowance for doubtful accounts for other receivables is provided for the estimated loss 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.

#### **1.6.11 Financial assets with modifications of terms/Debt restructuring**

Since 1 January 2020, when a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because a debtor is having financial difficulties, the Group assesses whether to derecognise the financial asset and measures the expected credit loss, as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Group calculates the gross book value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises a gain or loss on modification of terms in profit or loss.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset as at the date of derecognition. The difference between the book value and the fair value of the financial asset is recognised in profit or loss.

If the debt restructuring does not meet the criteria for derecognition as of the restructuring date, the debtor continues to be classified as financial asset with a significant increase in credit risk (Stage 2) or as a financial asset that is credit-impaired (Stage 3) unless the debtor has been able to make payment in accordance with the debt restructuring agreement for not less than 12 months counting from the restructuring date. At that point, it can be reclassified as a financial asset with no significant increase in

credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

Prior to 1 January 2020, the Group recorded troubled debt restructuring transactions in accordance with the BOT's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". 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 Group will use the interest rates specified in the term of modifications as the discount rates. The Group 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.

#### **1.6.12 Recognition and derecognition of customer deposits**

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

#### **1.6.13 Borrowing and lending of securities**

A subsidiary 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's customers.

The subsidiary 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. Gain or loss arising from such adjustments is included in profit or loss in the statement of comprehensive income. The subsidiary 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 lending term.

#### **1.6.14 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 operating a banking business is required to record the additional reserve for declining in value of properties foreclosed in accordance with the notifications of the BOT.

The Group recognises loss on impairment in profit or loss. Gain or loss from disposal of properties foreclosed is recognised upon disposal.

#### **1.6.15 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from changes in the value of investment properties is 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.

#### **1.6.16 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 Group's 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 expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Group's 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 cost or revalued amount 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	-	20	years
Buildings and office condominiums	-	18 - 50	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	5	years
Motor vehicles	-	5, 6	years

Depreciation attributed to the original cost portion and the revaluation 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. Remaining surplus on revaluation of assets as at the date of derecognition is directly transferred to retained earnings.

### 1.6.17 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Accounting policies adopted since 1 January 2020

The Group applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the commencement date of the lease, the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

#### **Right-of-use assets**

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land and buildings - 1 - 15 years

#### **Lease liabilities**

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease

payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounts the present value of the lease payments by the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

#### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

#### **Accounting policies adopted before 1 January 2020**

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

### **1.6.18 Intangible assets**

The Group initially recognises intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

The Group amortises intangible assets with finite lives on a systematic basis over the economic useful life and tests for impairment whenever there is an indication that the intangible assets may be impaired. The Group reviews the amortisation period 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 Group amortises over the following estimated useful lives:

The license agreements with specified number of years of usage - according to the period of license agreement by the 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

### **1.6.19 Income tax**

Income tax 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. They will be realised as tax income or tax expense when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Group recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which such deductible deferred tax assets can be utilised. The Group recognises deferred tax liabilities for all taxable temporary differences.

The Group records 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 Group reviews and reduces 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.

### **1.6.20 Impairment of assets non-financial assets**

At the end of each reporting period, the Group assesses whether there is an indication that an asset may be impaired. If any indication exists, an impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. Fair value less costs to sell reflects the amount that the Group could obtain from the disposal of the asset on the statement of financial position in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit or loss. However, in cases where assets were 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.

In the assessment of asset impairment, if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in profit or loss in the statement of comprehensive income.

### **1.6.21 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 Group has transferred substantially all risks and rewards of ownership. If the Group neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Group continues to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished e.g. when the obligation specified in the contract is discharged, cancelled or expired.

### **1.6.22 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Group's 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 BOT at the end of each reporting period.

Gain and loss on exchange is included in determining income.

### **1.6.23 Employee benefits**

#### **a) Short-term employee benefits**

The Group records salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expenses of the Group is annual bonus which is remuneration for employees' annual performance that is paid in cash, a part of which is paid with reference to the Company's share price. The Group records these expenses and accrued bonus over the service period of those employees, counting from the grant date. It is recorded based on the average daily share price from the grant date to the end of 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.

#### **b) Post-employment benefits and other long-term employee benefits**

##### **Defined contribution plans**

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

##### **Defined benefit plans and other long-term employee benefits**

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Group based on actuarial techniques.

Actuarial gain or loss arising from post-employment benefits is recognised immediately in other comprehensive income.

Actuarial gain or loss arising from other long-term benefits is recognised immediately in profit or loss.

#### **1.6.24 Provisions**

Provisions are recognised when the Group has 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.

#### **1.6.25 Derivatives**

The subsidiary operating a banking business records derivatives held for trading under fair value method. The subsidiary records gain (loss) 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.

Derivatives are initially recognised at fair value on the trade date and classified as trading. The subsequent changes are recognised as net profit (loss) from financial instruments measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

#### **1.6.26 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 Group applies 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 Group measures fair value using valuation techniques that are appropriate in the circumstances and maximises 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 Group determines 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.

#### **1.6.27 Financial instruments**

##### **a) Financial risk management**

The Group's financial instruments principally comprise cash, interbank and money market items (assets), financial assets measured at fair value through profit or loss, derivatives assets, investments, securities and derivatives business receivables, receivables 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, lease liabilities, accrued interest payable, securities and derivatives business payables and payables to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 4.39 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 allowance for expected credit loss 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 used by the Group 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, receivables from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, securities and derivatives business payables and payables 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 book value of the investees for investments in non-marketable equity securities.
- Loans to customers and accrued interest receivables, except for hire purchase receivables and other retail loans, are presented at fair value which is estimated from balance of loans to customers and accrued interest receivables as stated in the financial statements less allowance for expected credit loss, 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 is 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 Group has considered the counterparty's credit risk when determining the fair value of derivatives.

#### **1.6.28 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 risks and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

##### ***Allowance for expected credit loss on financial assets***

The management is required to use judgement in estimating the allowance for expected credit loss on financial assets. The estimation relies on a complex model, a dataset of assumptions, model development and assessments related to the increase in credit risk, as well as the selection of forward-looking information, which involves a large number of variables. Therefore, actual results could differ from these estimates.

##### ***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 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.

##### ***Investment properties***

The Group presents investment properties at the fair value estimated by an internal appraiser of TISCO Bank, and recognises changes in the fair value in profit or loss. The appraiser valued the investment properties using the market approach. The key assumptions used in estimating the fair value are described in Note 4.12 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 Group measures 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 4.13 to the financial statements.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment loss 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.

### ***Leases***

In determining lease terms, the management is required to use judgement to assess whether the Group is reasonably certain to exercise options to extend the terms of leases or to cancel the leases, taking into account all relevant facts and circumstances that create economic incentives for the Group to exercise or not to exercise such options.

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### ***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 profits 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 estimated 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.

### ***Litigation***

The Group has 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.

## **2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 1.5 a) to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings and other components of equity as at 1 January 2020. Therefore, the comparative information was not restated.

The amounts of adjustments affecting the statement of financial position as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	The impacts of			
	Financial reporting standards related			
	31 December	to financial		1 January
	2019	instruments	TFRS 16	2020
<b>Statement of financial position</b>				
<b>Assets</b>				
Financial assets measured at				
fair value through profit or loss	-	1,921	-	1,921
Investments - net	9,363	(1,366)	-	7,997
Right-of-use assets	-	-	1,062	1,062
Deferred tax assets	1,325	(111)	-	1,214
Other assets	2,340	-	(78)	2,262
<b>Liabilities</b>				
Lease liabilities	-	-	984	984
<b>Equity</b>				
Other components of equity	1,811	36	-	1,847
Retained earnings - unappropriated	27,556	408	-	27,964

(Unit: Million Baht)

	Separate financial statements			
	The impacts of			
	Financial reporting standards related			
	31 December	to financial		1 January
	2019	instruments	TFRS 16	2020
<b>Statement of financial position</b>				
<b>Assets</b>				
Financial assets measured at				
fair value through profit or loss	-	837	-	837
Investments - net	837	(837)	-	-
Right-of-use assets	-	-	1	1
<b>Liabilities</b>				
Lease liabilities	-	-	1	1
<b>Equity</b>				
Other components of equity	348	(42)	-	306
Retained earnings - unappropriated	8,087	42	-	8,129

## 2.1 Financial instruments

Details of the impact on equity as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
<b>Other components of equity</b>		
Classification of investments in available-for-sale equity securities as financial assets measured at fair value through profit or loss	20	(53)
Add: Income tax effects	16	11
Impacts on other components of equity due to the adoption of financial reporting standards related to financial instruments	36	(42)



	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Retained earnings - unappropriated</b>		
Classification of investments in available-for-sale equity securities as financial assets measured at fair value through profit or loss	(20)	53
Fair value measurement of investments in equity instruments of non-listed companies	555	-
Less: Income tax effects	(127)	(11)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	408	42

The classifications and measurements of financial assets and financial liabilities in accordance with TFRS 9, compared with the classifications and measurements of the carrying amounts under the former basis, are as follows:

(Unit: Million Baht)					
Consolidated financial statements					
Classification and measurement under the former basis as at 31 December 2019	Classification and measurement in accordance with TFRS 9 as at 1 January 2020				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total	
<b>Financial assets</b>					
Cash	1,103	-	-	1,103	1,103
Interbank and money market items - net	45,300	-	-	45,300	45,300
Derivatives assets	22	22	-	-	22
Investments - net	9,363	1,921	7,997	-	9,918
Loans to customers and accrued interest receivables - net	233,350	-	-	233,350	233,350
Securities and derivatives business receivables - net	1,164	-	-	1,164	1,164
Other assets - receivables from clearing house	1	-	-	1	1
<b>Financial liabilities</b>					
Deposits	216,085	-	-	216,085	216,085
Interbank and money market items	4,656	-	-	4,656	4,656
Liabilities payable on demand	307	-	-	307	307
Debts issued and borrowings	25,017	-	-	25,017	25,017
Securities and derivatives business payables - net	821	-	-	821	821
Accrued interest payable	1,006	-	-	1,006	1,006
Other liabilities - payables to clearing house	339	-	-	339	339

(Unit: Million Baht)

Separate financial statements					
Classification and measurement under the former basis as at 31 December 2019		Classification and measurement in accordance with TFRS 9 as at 1 January 2020			
		Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b>Financial assets</b>					
Interbank and money market items - net	1,098	-	-	1,098	1,098
Investments - net	837	837	-	-	837
Loans to customers and accrued interest receivables - net	2,210	-	-	2,210	2,210
<b>Financial liabilities</b>					
Debts issued and borrowings	6,300	-	-	6,300	6,300

The table below presents a reconciliation of allowance for impairment as at 31 December 2019 which was recognised in accordance with the BOT and Thai Accounting Standard No. 105 Accounting for Investments in Debt and Equity Securities, and provision for contingent obligation which was recognised in accordance with Thai Accounting Standard No. 37 Provisions, Contingent Liabilities and Contingent Assets, and allowance for impairment as at 1 January 2020 which was recognised in accordance with TFRS 9. All the changes are the result of the remeasurement of allowance for expected credit loss in accordance with TFRS 9.

(Unit: Million Baht)

Consolidated financial statements			
	As at 31 December 2019	Remeasurement	As at 1 January 2020
Allowance for expected credit loss			
Investments in available-for-sale debt securities reclassified as investments in debt instruments measured at fair value through other comprehensive income	1	-	1
Loans to customers and accrued interest receivables	10,717	-	10,717
Total	10,718	-	10,718

As at 1 January 2020, there was no allowance for expected credit loss in the separate financial statements.

However, the adoption of these financial reporting standards requires the Group to recognise an allowance for expected credit loss, in place of the allowance for doubtful accounts recognised under the previous accounting method, in accordance with the model for each group of assets. Based on the impact calculation, the subsidiary operating a banking business has a remaining excess loan loss reserve of Baht 2,113 million, which will be released in quarterly amounts over 2 years under the straight-line method, in line with the BOT's guideline.

## 2.2 Leases

Upon initial application of TFRS 16, the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	461	-
Add: Option to extend lease term	600	1
Less: Deferred interest expenses	(77)	-
Lease liabilities as at 1 January 2020	984	1
Weighted average incremental borrowing rate (percent per annum)	2.50	2.33

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Land and buildings	1,062	1
Total right-of-use assets	1,062	1

### 3. General information

#### 3.1 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, Bangkok, Bangkok.

#### 3.2 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.

#### 3.3 Directors' remuneration

Directors' remuneration represents the benefits paid to the Group's 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.

#### 3.4 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.

#### 4. Supplemental information

##### 4.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2020 and 2019 is provided below.

(Unit: Percent)				
Company's name	Nature of business	Country of incorporation	Percentage of shares held by the Company as at 31 December	
			2020	2019
<b><u>Subsidiaries directly held by the Company</u></b>				
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. (In the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.99	99.99
<b><u>Subsidiaries indirectly held by the Company</u></b>				
TISCO Investment Advisory Securities Co., Ltd.	Liquidated	Thailand	-	99.99

On 20 April 2020, the 2020 Annual General Meeting of the Shareholders of TISCO Investment Advisory Securities Company Limited (a subsidiary company) passed a resolution to dissolve the company, effective from 20 April 2020. The subsidiary company registered the dissolution with the Ministry of Commerce on 24 April 2020 and registered the completeness of liquidation with the Ministry of Commerce on 28 October 2020.

**4.2 Classification of financial assets and financial liabilities**

(Unit: Thousand Baht)

	As at 31 December 2020			
	Consolidated financial statements			
	Financial instruments			Total
	Financial instruments measured at fair value through profit or loss	measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	
<b><u>Financial assets</u></b>				
Cash	-	-	1,220,207	1,220,207
Interbank and money market items - net	-	-	38,212,028	38,212,028
Financial assets measured at fair value				
through profit or loss	2,173,020	-	-	2,173,020
Derivatives assets	62,095	-	-	62,095
Investments - net	-	9,953,256	-	9,953,256
Loans to customers and accrued interest				
receivables - net	-	-	214,887,986	214,887,986
Securities and derivatives business				
receivables - net	-	-	1,058,180	1,058,180
Other assets - receivables from clearing house	-	-	291,896	291,896
<b><u>Financial liabilities</u></b>				
Deposits	-	-	203,472,825	203,472,825
Interbank and money market items	-	-	5,807,646	5,807,646
Liabilities payable on demand	-	-	1,284,765	1,284,765
Debts issued and borrowings	-	-	12,825,919	12,825,919
Lease liabilities	-	-	828,590	828,590
Securities and derivatives business payables - net	-	-	1,033,041	1,033,041
Accrued interest payable	-	-	735,903	735,903
Other liabilities - payables to clearing house	-	-	309,866	309,866

(Unit: Thousand Baht)

As at 31 December 2020				
Separate financial statements				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<b><u>Financial assets</u></b>				
Cash	-	-	70	70
Interbank and money market items - net	-	-	17,394	17,394
Financial assets measured at fair value through profit or loss	890,053	-	-	890,053
Investments - net	-	205,965	-	205,965
Loans to customers and accrued interest receivables - net	-	-	3,175,866	3,175,866
<b><u>Financial liabilities</u></b>				
Interbank and money market items	-	-	3,780,000	3,780,000
Debts issued and borrowings	-	-	1,629,000	1,629,000
Lease liabilities	-	-	889	889
Accrued interest payable	-	-	1,029	1,029

**4.3 Interbank and money market items - net (assets)**

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2020			2019		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	2,814,569	-	2,814,569	1,702,418	290,000	1,992,418
Commercial banks	765,573	19,636,195	20,401,768	329,093	27,530,412	27,859,505
Specialised Financial Institutions	365	14,993,941	14,994,306	968	15,435,083	15,436,051
Total	3,580,507	34,630,136	38,210,643	2,032,479	43,255,495	45,287,974
Add: Accrued interest	563	1,872	2,435	526	11,592	12,118
Less: Allowance for expected credit loss	(984)	(97)	(1,081)	-	-	-
Total domestic	3,580,086	34,631,911	38,211,997	2,033,005	43,267,087	45,300,092
<u>Foreign</u>						
Hong Kong Dollar	31	-	31	49	-	49
Total foreign	31	-	31	49	-	49
Total domestic and foreign	3,580,117	34,631,911	38,212,028	2,033,054	43,267,087	45,300,141

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2020			2019		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	17,402	-	17,402	1,098,249	-	1,098,249
Total	17,402	-	17,402	1,098,249	-	1,098,249
Add: Accrued interest	1	-	1	210	-	210
Less: Allowance for expected credit loss	(9)	-	(9)	-	-	-
Total domestic	17,394	-	17,394	1,098,459	-	1,098,459

As at 31 December 2020 and 2019, cash at banks of a subsidiary amounting to Baht 10 million is pledged to secure a bank overdraft facility.

The subsidiary 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: Thousand Baht)

	Securities purchased under resale agreements according to private repurchase transactions as at 31 December	
	2020	2019
Commercial banks	18,800,000	26,800,000
Specialised Financial Institutions	14,700,000	15,000,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

	Fair value of securities received as collateral as at 31 December	
	2020	2019
Commercial banks	18,471,500	26,456,400
Specialised Financial Institutions	14,747,200	15,057,800

#### 4.4 Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

Investments	Consolidated financial statements as at 31 December 2020		Separate financial statements as at 31 December 2020	
	Cost	Fair value	Cost	Fair value
<b>Others</b>				
Domestic marketable equity instruments	231,488	454,798	-	-
Domestic non-marketable equity instruments	257,578	772,569	-	-
Other securities - domestic unit trusts	54,856	55,600	-	-
Other securities - foreign unit trusts	803,120	890,053	803,120	890,053
	1,347,042	2,173,020	803,120	890,053
Add: Allowance for changes in value	825,978		86,933	
Total	2,173,020		890,053	

Investments in non-marketable equity instruments include investments in which the subsidiary operating a banking business holds not less than 10 percent of the equity of the investees, as follows:

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at 31 December 2020		
	Fair value of investments	Unpaid amount	Percentage of holding
			(%)
<b>Services:</b>			
Jiji Press (Thailand) Co., Ltd.	1,825	300	10
<b>Trading import and export:</b>			
Juki (Thailand) Co., Ltd.	6,025	-	10
PDTL Trading Co., Ltd.	3,637	-	10
Wattana Inter-Trade Co., Ltd.	19,158	-	10
<b>Real estate:</b>			
UMI Property Co., Ltd.	4,031	-	10
<b>Industrial:</b>			
Siam Art Ceramic Co., Ltd.	11,268	-	10



#### 4.5 Derivatives assets/derivatives liabilities

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

(Unit: Thousand Baht)

Type of risks	Consolidated financial statements as at 31 December					
	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	62,095	-	1,189,528	21,907	-	917,044
Total	62,095	-	1,189,528	21,907	-	917,044

All counterparties of these derivatives transactions are financial institutions.

#### 4.6 Investments

##### 4.6.1 Investment classified by type of investments

As at 31 December 2020, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2020	
	Amortised cost	Fair value
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>		
Government and state enterprise securities	9,713,417	9,722,476
Private sector debt securities	423,121	230,780
	10,136,538	9,953,256
Add: Surplus on changes in fair value	7,339	
Less: Allowance for expected credit loss	(190,621)	
Total	9,953,256	
<b>Investments in debt instruments measured at amortised cost</b>		
Investments in receivables	12,047	
Less: Allowance for expected credit loss	(12,047)	
Total	-	
Total investments	9,953,256	

(Unit: Thousand Baht)

## Separate financial statements

as at 31 December 2020

	Amortised cost	Fair value
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>		
Private sector debt securities	371,662	205,965
Less: Deficits on changes in fair value	(1,536)	
Less: Allowance for expected credit loss	(164,161)	
Total investments	205,965	

As at 31 December 2019, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

## Consolidated financial statements

as at 31 December 2019

	Cost	Fair value
<b>Available-for-sale investments - fair value</b>		
Government and state enterprise securities	7,812,418	7,815,106
Private sector debt securities	181,460	181,927
Domestic marketable equity securities	231,488	252,900
Other securities - domestic unit trusts	54,856	59,006
Other securities - foreign unit trusts	803,120	836,827
	9,083,342	9,145,766
Add: Surplus on changes in fair value	63,884	
Less: Allowance for impairment	(1,460)	
Total available-for-sale investments	9,145,766	
<b>Held-to-maturity debt securities - cost/amortised cost</b>		
Investments in receivables	12,437	
Less: Allowance for impairment	(12,437)	
Total held-to-maturity debt securities	-	
<b>General investments - cost</b>		
Domestic non-marketable equity securities	257,578	
Less: Allowance for impairment	(40,312)	
Total general investments	217,266	
<b>Investments - net</b>	9,363,032	

(Unit: Thousand Baht)

	Separate financial statements	
	as at 31 December 2019	
	Cost	Fair value
<b>Available-for-sale investments - fair value</b>		
Other securities - foreign unit trusts	803,120	836,827
Add: Surplus on changes in fair value	33,707	
<b>Investments - net</b>	<b>836,827</b>	

## 4.6.2 Investments subject to restrictions

(Unit: Million Baht)

Consolidated financial statements			
as at 31 December			
Type of investment	2020	2019	Type of restrictions
Government debt securities	2	2	Pledged for electricity usage
Government debt securities	-	2,912	Pledge for the use of credit balance on clearing position

## 4.6.3 Investments in companies with weak financial positions and poor operating results

As at 31 December 2020 and 2019, investments in securities of the Group include investments in securities issued by companies with weak financial positions and poor operating results as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	as at 31 December 2020		
	Cost	Fair value	Allowance for expected credit loss
Companies having problems with debt repayment or in default	423,121	230,780	190,621

(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)

## Separate financial statements

as at 31 December 2020

	Cost	Fair value	Allowance for expected credit loss
Companies having problems with debt repayment or in default	371,662	205,965	164,161
4.6.4 Investments in which the subsidiary operating a banking business holds not less than 10 percent of the equity of the investees			

(Unit: Thousand Baht)

## Consolidated financial statements

as at 31 December 2019

Securities' name	Cost	Unpaid amounts	Percentage of holding (%)
<b>Services:</b>			
Jiji Press (Thailand) Co., Ltd.	814	300	10
<b>Trading import and export:</b>			
Juki (Thailand) Co., Ltd.	5,707	-	10
PDTL Trading Co., Ltd.	3,637	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10
<b>Real estate:</b>			
UMI Property Co., Ltd.	4,097	-	10
<b>Industrial:</b>			
Siam Art Ceramic Co., Ltd.	11,299	-	10

## 4.7 Investments in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December		Separate financial statements as at 31 December	
	2020	2019	2020	2019
Investments in subsidiaries	-	-	19,995,898	19,995,890
Investment in joint venture	804,925	813,602	73,245	73,245
	804,925	813,602	20,069,143	20,069,135

## 4.7.1 Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Type of investments	Separate financial statements					
		Percentage of holding		Investment value - cost		Dividend received	
		as at 31 December		method as at		for the years ended	
		2020	2019	31 December		31 December	
		(%)	(%)	2020	2019	2020	2019
<b>Subsidiaries directly held by the Company</b>							
TISCO Bank Public Company Limited	Ordinary shares	99.99	99.99	17,641,209	17,641,201	2,865,718	4,100,464
TISCO Securities Co., Ltd.	Ordinary shares	99.99	99.99	1,075,065	1,075,065	340,000	75,000
TISCO Asset Management Co., Ltd.	Ordinary shares	99.99	99.99	110,075	110,075	629,996	699,996
Hi-Way Co., Ltd.	Preference shares	99.99	99.99	2,866	2,866	841	1,138
	Ordinary shares	99.99	99.99	770,053	770,053	415,659	548,862
TISCO Information Technology Co., Ltd.	Ordinary shares	99.99	99.99	22,117	22,117	159,995	49,999
TISCO Insurance Solution Co., Ltd.	Ordinary shares	99.99	99.99	136,655	136,655	374,987	384,986
Primus Leasing Co., Ltd	Ordinary shares	99.99	99.99	141,521	141,521	-	-
TISCO Learning Center Co., Ltd.	Ordinary shares	99.99	99.99	5,000	5,000	34,498	17,499
All-Ways Co., Ltd.	Ordinary shares	99.99	99.99	200,000	200,000	-	-
				20,104,561	20,104,553	4,821,694	5,877,944
Less: Allowance for impairment				(108,663)	(108,663)		
Investments in subsidiaries - net				19,995,898	19,995,890		

## 4.7.2 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		Cost		Carrying amounts	
		as at 31 December		as at 31 December		based on equity method	
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	804,925	813,602

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		as at 31 December		as at 31 December	
		2020	2019	2020	2019
		(%)	(%)		
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	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)	
	Consolidated				Separate	
	financial statements				financial statements	
	Share of profit/loss from investment in joint venture for the years ended				Share of other comprehensive income from investment in joint venture for the years ended	
Jointly controlled entity	31 December		31 December		Dividend received for the years ended 31 December	
	2020	2019	2020	2019	2020	2019
TISCO Tokyo Leasing Co., Ltd.	(1,717)	12,108	(6,960)	1,342	-	-

## c) Summary of significant financial information of joint venture

Condensed financial information of the joint venture is presented as follows:

Summarised information on financial position

	(Unit: Thousand Baht)	
	As at 31 December	
	2020	2019
Total assets	6,183,881	8,036,176
Total liabilities	(4,169,846)	(6,014,475)
Non-controlling interests of the subsidiary	(371,331)	(361,289)
Net assets	1,642,704	1,660,412
The Company's shareholding proportion	49%	49%
Carrying value of joint venture based on equity method	804,925	813,602

Summarised information on comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Total revenues	313,528	343,168
Total expenses	(300,074) <sup>(1)</sup>	(315,274)
Profit before income tax	13,454	27,894
Tax benefit	12,782	18,728
Non-controlling interests of the subsidiary	(29,739)	(21,911)
Profit (loss) for the year	(3,503)	24,711
Other comprehensive income (loss)	(14,205)	2,741
Total comprehensive income (loss)	(17,708)	27,452

(1) Including expected credit loss of Baht 125 million additionally set up by the Company

## d) Commitments and contingent liabilities of joint venture

(Unit: Thousand Baht)

	As at 31 December	
	2020	2019
Cross currency and interest rate swap agreements	1,150,000	20,000

**4.8 Loans to customers and accrued interest receivables**

## 4.8.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2020	2019
<b>Loans to customers</b>		
Overdrafts	31,721	107,811
Loans	96,713,852	103,448,283
Hire purchase receivables	147,601,631	160,003,772
Finance lease receivables	8,544	17,904
Less: Deferred revenue	(19,544,201)	(20,743,017)
Advances received from finance lease receivables	-	(8,613)
Total loans to customers	224,811,547	242,826,140
Add: Accrued interest receivables and undue interest receivables	1,901,983	1,240,929
Total loans to customers and accrued interest receivables	226,713,530	244,067,069
Less: Allowance for expected credit loss	(11,825,544)	-
Allowance for doubtful accounts	-	(10,709,365)
Allowance for loss on debt restructuring	-	(7,343)
Loans to customers and accrued interest receivables - net	214,887,986	233,350,361

(Unit: Thousand Baht)

	Separate financial statements as at 31 December	
	2020	2019
<b>Loans to customers</b>		
Loans	3,180,000	2,210,000
Less: Allowance for expected credit loss	(4,134)	-
Loans to customers and accrued interest receivables - net	3,175,866	2,210,000

## 4.8.2 Classified by residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
<b>Loans to customers net of deferred revenue</b>				
- Domestic	216,056,459	234,690,878	3,180,000	2,210,000
- Foreign	8,755,088	8,135,262	-	-
Total	224,811,547	242,826,140	3,180,000	2,210,000

## 4.8.3 Classified by loan classification

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
<b>Loans to customers and accrued interest receivables</b>				
Loans of the subsidiary				
operating a banking business	224,740,153	239,272,451	-	-
Loans of other subsidiaries	5,753,377	4,794,618	-	-
Loans of the Company	3,180,000	2,210,000	3,180,000	2,210,000
Less: Elimination	(6,960,000)	(2,210,000)	-	-
Total	226,713,530	244,067,069	3,180,000	2,210,000

## 4.8.3.1 Classified by loan classification of the subsidiary operating a banking business

(Unit: Thousand Baht)

	As at 31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk		
(Performing)	190,435,185	5,172,224
Financial assets with significant increases in credit risk		
(Under-performing)	29,139,124	3,422,247
Financial assets that are credit-impaired (Non-performing)	5,165,844	1,287,313
Allowance established in excess	-	1,056,399
Total	224,740,153	10,938,183



(Unit: Thousand Baht)

	As at 31 December 2019		
	Loans to customers and accrued interest receivables	Net amount used for setting up allowance for doubtful accounts	Allowance for doubtful accounts <sup>(1) (2)</sup>
Provision under BOT's guidelines			
- Pass	217,488,690	175,206,431	2,438,575
- Special mention	16,491,289	15,191,241	2,352,268
- Sub-standard	2,927,707	2,389,220	1,037,284
- Doubtful	1,409,323	1,178,170	480,613
- Doubtful of loss	955,442	320,408	202,811
Allowance established in excess	-	-	3,562,564
Total	239,272,451	194,285,470	10,074,115

(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. TISCO Bank allocated Baht 2,151 million of the excess provision to specific provision for individual debtors and so combined with the minimum provision requirement of Baht 4,360 million, the total provision set aside in accordance with the BOT's requirement is Baht 6,511 million.

	As at 31 December 2019		
	Percentage of allowance for doubtful accounts set up (%)		
	Loan against auto		Other loans <sup>(4)</sup>
	Hire purchase receivables <sup>(3)</sup>	license receivables <sup>(3)</sup>	
Pass	0.72	1.87	1
Special mention	7.64	17.25	2
Sub-standard	26.35	39.13	100
Doubtful	31.89	39.13	100
Doubtful of loss	26.21	39.13	100

(3) 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 the BOT's minimum requirement to specific provision for individual debtors.

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

## 4.8.3.2 Classified by loan classification of other subsidiaries

(Unit: Thousand Baht)		
As at 31 December 2020		
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	3,921,251	238,400
Financial assets with significant increases in credit risk (Under-performing)	1,057,160	266,852
Financial assets that are credit-impaired (Non-performing)	774,966	400,513
Total	5,753,377	905,765

(Unit: Thousand Baht)		
As at 31 December 2019		
	Loans to customers and accrued interest receivables	Allowance for doubtful accounts
Pass	3,606,613	205,731
Special mention	645,315	116,842
Sub-standard	249,212	145,089
Doubtful	209,091	119,257
Doubtful of loss	84,387	48,331
Total	4,794,618	635,250

## 4.8.3.3 Classified by loan classification of the Company

(Unit: Thousand Baht)		
As at 31 December 2020		
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	3,180,000	4,134
Financial assets with significant increases in credit risk (Under-performing)	-	-
Financial assets that are credit-impaired (Non-performing)	-	-
Total	3,180,000	4,134

(Unit: Thousand Baht)

	As at 31 December 2019	
	Loans to customers and accrued interest receivables	Allowance for doubtful accounts
Pass	2,210,000	-
Special mention	-	-
Sub-standard	-	-
Doubtful	-	-
Doubtful of loss	-	-
Total	2,210,000	-

In addition, during the year 2020, the Group has entered into the scheme to provide assistance to affected debtors and has elected to apply Accounting Guidance by the Federation of Accounting Professions on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy.

As at 31 December 2020, the Group's outstanding loan balances under the relief measures totalled Baht 8,827 million, decreased when compared with the initial implementation of debt relief measures as at 30 June 2020 which totalled Baht 54,889 million, because the assistance period as agreed with certain debtors has expired for debtors under principal holiday scheme and debtors under debt moratorium scheme. The balance as at 31 December 2020 consists of the debtors under principal holiday scheme of Baht 4,311 million, the debtors under debt moratorium scheme of Baht 112 million and the debtors receiving other forms of debt relief, e.g. installment reduction, interest rate reduction, of Baht 4,404 million.

#### 4.8.4 Classified by type of debtors

As at 31 December 2020, loans to customers of the subsidiary operating a banking business classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

As at 31 December 2020								
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	102,361	2,325	22,199	827	65,875	2,020	190,435	5,172
Financial assets with significant increases in credit risk (Under-performing)	19,418	1,543	5,804	796	3,917	1,083	29,139	3,422
Financial assets that are credit-impaired (Non-performing)	2,741	602	1,053	371	1,372	315	5,166	1,288
Total	124,520	4,470	29,056	1,994	71,164	3,418	224,740	9,882
Allowance established in excess								1,056
Total								10,938

As at 31 December 2019, loans to customers of the subsidiary company operating a banking business classified by loan classification in accordance with the BOT's guidelines are as follows:

(Unit: Million Baht)

As at 31 December 2019								
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Debt balance	Allowance for doubtful accounts <sup>(5)</sup>	Debt balance	Allowance for doubtful accounts <sup>(5)</sup>	Debt balance	Allowance for doubtful accounts <sup>(5)</sup>	Debt balance	Allowance for doubtful accounts <sup>(5)</sup>
Pass	120,479	867	26,640	497	69,533	1,074	216,652	2,438
Special mention	11,569	883	2,965	511	1,688	958	16,222	2,352
Sub-standard	1,817	479	391	153	719	405	2,927	1,037
Doubtful	860	274	200	78	349	129	1,409	481
Doubtful of loss	121	32	79	31	755	140	955	203
Total	134,846	2,535	30,275	1,270	73,044	2,706	238,165	6,511
Accrued interest receivables							1,107	-
Allowance established in excess							-	3,563
Total							239,272	10,074

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

## 4.8.5 Hire purchase and finance lease receivables

As at 31 December 2020, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 129,399 million (31 December 2019: Baht 140,217 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 2020					
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	Financial assets that are credit- impaired (Non- performing)	Total
Gross investment in the agreements	44,381	88,243	7,394	7,592	147,610
Less: Deferred revenue <sup>(6)</sup>	(6,111)	(8,433)	(326)	(4,313)	(19,183)
Present value of minimum lease payment from agreements	38,270	79,810	7,068	3,279	128,427
Accrued interest receivables	781	-	-	191	972
Total	39,051	79,810	7,068	3,470	129,399
Allowance for expected credit loss					(5,283)
Net hire purchase and finance lease receivables					124,116

(6) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

(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 <sup>(6)</sup>	(6,776)	(9,250)	(325)	(4,203)	(20,554)
Advances received from finance lease receivables	(9)	-	-	-	(9)
Present value of minimum lease payment from agreements	42,120	86,915	7,087	3,337	139,459
Accrued interest receivables	757	-	-	1	758
Total	42,877	86,915	7,087	3,338	140,217
Allowance for doubtful accounts <sup>(5)</sup>					(3,167)
Net hire purchase and finance lease receivables					137,050

(5) 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.

(6) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

## 4.8.6 Loans to customers of the subsidiaries for which the recognition of interest income has been ceased

As at 31 December 2019, loans to customers of the subsidiaries for which the recognition of interest income has been ceased under the BOT's guidelines and the Group's policy are as follows:

(Unit: Million Baht)

	As at 31 December 2019	
	Amounts calculated under BOT's guidelines <sup>(7)</sup>	Amounts calculated under the Group's policy
TISCO Bank <sup>(7)</sup>	6,816	7,588
Other subsidiaries		605

(7) These amounts are calculated on an account by account basis.

(8) Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

However, in order to align with the financial reporting standards which became effective on 1 January 2020, the subsidiaries revised their accounting policy by cancelling the policy to cease the recognition of interest income. Therefore, as at 31 December 2020 the subsidiaries do not have loans to customers for which the recognition of interest income has been ceased.

## 4.8.7 Troubled debt restructuring of the subsidiary operating a banking business

As at 31 December 2020 and 2019, the subsidiary operating a banking business has outstanding balances with troubled debt restructuring debtors as follows:

	As at 31 December			
	2020		2019	
	Number of debtors	Outstanding balances (Million Baht)	Number of debtors	Outstanding balances (Million Baht)
Balance of restructured debts	8,856	2,762	10,615	2,109

#### 4.9 Allowance for expected credit loss/allowance for doubtful accounts/allowance for loss on debt restructuring

##### 4.9.1 Allowance for expected credit loss

As at 31 December 2020, the Group has allowance for expected credit loss classified by type of financial assets as follows:

(Unit: Thousand Baht)

Consolidated financial statements						
For the year ended 31 December 2020						
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts/ allowance for impairment	Allowance established in excess	Total
<b>Interbank and money market items (assets)</b>						
Balance - beginning of year	-	-	-	-	-	-
Changes from revaluation of allowance for credit loss	1,081	-	-	-	-	1,081
Balance - end of year	1,081	-	-	-	-	1,081
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>						
Balance - beginning of year	-	-	-	1,460	-	1,460
Changes due to the adoption of new financial reporting standards	-	-	1,460	(1,460)	-	-
	-	-	1,460	-	-	1,460
Changes from revaluation of allowance for credit loss	-	-	25,000	-	-	25,000
New financial assets	-	-	164,161	-	-	164,161
Balance - end of year	-	-	190,621	-	-	190,621
<b>Investments in debt instruments measured at amortised cost</b>						
Balance - beginning of year	-	-	-	12,437	-	12,437
Changes due to the adoption of new financial reporting standards	-	-	12,437	(12,437)	-	-
	-	-	12,437	-	-	12,437
Changes from revaluation of allowance for credit loss	-	-	(390)	-	-	(390)
Balance - end of year	-	-	12,047	-	-	12,047

(Unit: Thousand Baht)

Consolidated financial statements						
For the year ended 31 December 2020						
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts/ allowance for impairment	Allowance established in excess	Total
<b>Loans to customers and accrued interest receivables</b>						
Balance - beginning of year	-	-	-	7,146,393	3,562,972	10,709,365
Changes due to the adoption of new financial reporting standards						
- Allocation of allowance for doubtful accounts	3,870,485	3,103,592	1,622,490	(7,146,393)	(1,450,174)	-
- Transfer allowance for loss on debt restructuring to allowance for expected credit loss	-	7,343	-	-	-	7,343
	3,870,485	3,110,935	1,622,490	-	2,112,798	10,716,708
Changes from transfers among stages	(53,384)	(155,044)	208,428	-	-	-
Changes from revaluation of allowance for credit loss	534,165	312,477	3,449,261	-	(1,056,399)	3,239,504
New financial assets	1,545,829	807,711	278,713	-	-	2,632,253
Derecognition	(504,875)	(386,980)	(126,826)	-	-	(1,018,681)
Write-off	-	-	(3,744,240)	-	-	(3,744,240)
Balance - end of year	5,392,220	3,689,099	1,687,826	-	1,056,399	11,825,544
<b>Other assets - accrued interest receivables on investments</b>						
Balance - beginning of year	-	-	-	-	-	-
Changes from revaluation of allowance for credit loss	-	-	525	-	-	525
New financial assets	-	-	4,111	-	-	4,111
Balance - end of year	-	-	4,636	-	-	4,636

The amount of allowance for expected credit loss (ECL) as at 1 January 2020 as determined in accordance with TFRS 9: Financial Instruments was lower than the amount of allowance for doubtful accounts as at 31 December 2019 as determined in accordance with the former accounting policy by Baht 2,113 million. Such amount will be released in quarterly amounts over 2 years under the straight-line method, in line with the BOT's guideline. As a result, as at 31 December 2020 the balance of allowance established in excess remained at Baht 1,056 million.



(Unit: Thousand Baht)

Separate financial statements					
For the year ended 31 December 2020					
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
<b>Interbank and money market items (assets)</b>					
Balance - beginning of year	-	-	-	-	-
Changes from revaluation of allowance for credit loss	9	-	-	-	9
Balance - end of year	9	-	-	-	9
<b>Investments in debt instruments measured at fair value through other comprehensive income</b>					
Balance - beginning of year	-	-	-	-	-
New financial assets	-	-	164,161	-	164,161
Balance - end of year	-	-	164,161	-	164,161
<b>Loans to customers and accrued interest receivables</b>					
Balance - beginning of year	-	-	-	-	-
Changes from revaluation of allowance for credit loss	4,134	-	-	-	4,134
Balance - end of year	4,134	-	-	-	4,134
<b>Other assets - accrued interest receivables of investments</b>					
Balance - beginning of year	-	-	-	-	-
New financial assets	-	-	4,111	-	4,111
Balance - end of year	-	-	4,111	-	4,111

## 4.9.2 Allowance for doubtful accounts

As at 31 December 2019, the Group has allowance for doubtful accounts on loans to customers and accrued interest receivables classified by loan classification as follows:

(Unit: Thousand Baht)

Consolidated financial statements							
For the year ended 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

## 4.9.3 Allowance for loss on debt restructuring of the subsidiary operating a banking business

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Balance - beginning of year	7,343	8,146
Changes due to the adoption of new financial reporting standards	(7,343)	-
Amortisation during the year	-	(803)
Balance - end of year	-	7,343

**4.10 Classification of assets**

## 4.10.1 Classification of assets under the BOT's guidelines

As at 31 December 2020, classification of financial assets is as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020					
	Financial assets				
	Debt instruments measured at fair value		Loans to customers and accrued interest receivables		Total
	Interbank and money market items	through other comprehensive income	Debt instruments measured at amortised cost <sup>1</sup>		
Financial assets with no significant increase in credit risk (Performing)	38,213	9,722	-	190,577	238,512
Financial assets with significant increases in credit risk (Under-performing)	-	-	-	30,196	30,196
Financial assets that are credit-impaired (Non-performing)	-	231	12	5,941	6,184
Total	38,213	9,953	12	226,714	274,892

(Unit: Million Baht)

Separate financial statements as at 31 December 2020					
Financial assets					
Debt instruments measured at fair value					
Interbank and money market items	through other comprehensive income	Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	Total	
Financial assets with no significant increase in credit risk (Performing)	17	-	-	3,180	3,197
Financial assets with significant increases in credit risk (Under-performing)	-	-	-	-	-
Financial assets that are credit-impaired (Non-performing)	-	206	-	-	206
Total	17	206	-	3,180	3,403

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

(Unit: Million Baht)

As at 31 December 2019				
Investments in securities				
Loans to customers <sup>(1)</sup>	General investments	Investments in receivables	Total	
Pass	258,452	-	-	258,452
Special mention	16,222	-	-	16,222
Sub-standard	2,927	-	-	2,927
Doubtful	1,409	-	-	1,409
Doubtful of loss	955	42	12	1,009
Total	279,965	42	12	280,019

(1) Loans to customers include loans to financial institutions (which are presented as part of interbank and money market items - net (asset) in the statement of financial position).

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

	Number of debtors as at 31 December		Loans to customers and accrued interest receivables as at 31 December		Collateral value as at 31 December		Allowance for expected credit loss/allowance for doubtful accounts provided in the accounts <sup>(2)</sup> as at 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019
			(Million Baht) (Million Baht)		(Million Baht) (Million Baht)		(Million Baht) (Million Baht)	
1. Listed companies vulnerable to delisting from the SET and under rehabilitation	-	1	-	513	-	467	-	513 <sup>(3)</sup>
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET and under rehabilitation	1	-	500	-	315	-	500	-
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	8	8	890	864	430	236	108	10
Total	9	9	1,390	1,377	745	703	608	523

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

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

**4.11 Properties foreclosed**

(Unit: Thousand Baht)

Consolidated financial statements	
as at 31 December	
	2020
	2019
<b>Acquisition of assets from debt repayment</b>	
<b>Immovable assets</b>	
<u>Appraisal by an internal appraiser</u>	
Balance - beginning of year	- 11,713
Disposals	- (11,713)
Balance - end of year	- -
<b>Movable assets</b>	
Balance - beginning of year	18,706 11,015
Additions	3,398,624 3,052,506
Disposals	(3,386,787) (3,044,815)
Balance - end of year	30,543 18,706
Total properties foreclosed	30,543 18,706
Less: Allowance for impairment	
Balance - beginning of year	277 11,871
Increase	1,257 553
Decrease	(662) (12,147)
Balance - end of year	872 277
Total properties foreclosed - net	29,671 18,429

**4.12 Investment properties**

The book value of investment properties as at 31 December 2020 and 2019 is as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Book value - beginning of year	30,304	39,388	955,266	831,043
Transfer type of asset	-	(8,062)	(44,538)	124,223
Loss from fair value adjustment	(2,970)	(1,022)	-	-
Book value - end of year	27,334	30,304	910,728	955,266

The investment property of the Group is an office condominium for rent and is stated at its fair value. The fair value of investment properties is calculated using the asset appraisal method based on the market approach, with reference to market data of the similar and comparable assets. These valuations were made by in-house appraisers of TISCO Bank who have professional experiences and are capable of the asset appraisal, and were based on the asset valuation standards and code of professional ethics in Thailand.

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	Consolidated financial statements as at 31 December 2020	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	19,000 and 139,951	Increase in fair value
	Separate financial statements as at 31 December 2020	Result to fair value where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	82,960 and 103,700	Increase in fair value

The Group has rented part of its office condominium under operating leases with a lease term of 3 years (the Company only: 3 years), and has future minimum rental fee as at 31 December 2020 as follows:

	Consolidated financial statements	(Unit: Thousand Baht) Separate financial statements
Within 1 year	356	74,433
Over 1 and up to 3 years	-	148,867
Total	356	223,300

During the years ended 31 December 2020 and 2019, the Group has rental income of Baht 4 million (the Company only: Baht 77 million and Baht 82 million, respectively).

**4.13 Premises and equipment**

(Unit: Thousand Baht)

	Consolidated financial statements					
	Revaluation basis	Cost basis				
	Office condominium and building improvements	Land	Buildings and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	Total
<b><u>Cost:</u></b>						
As at 1 January 2019	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/write-offs						
/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
Additions/transfers-in	1,894	-	71,033	82,008	13,968	168,903
Disposals/write-offs						
/transfers-out	(280)	-	(70,771)	(122,057)	(18,658)	(211,766)
As at 31 December 2020	2,490,393	17,509	800,726	1,174,946	169,393	4,652,967
<b><u>Accumulated depreciation:</u></b>						
As at 1 January 2019	-	-	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/write-offs/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
Depreciation for the year	32,332	-	68,697	98,044	24,637	223,710
Depreciation on disposals/write-offs/ transfers-out	(5)	-	(68,993)	(119,225)	(15,937)	(204,160)
As at 31 December 2020	65,031	-	623,394	935,766	107,037	1,731,228
<b><u>Net book value:</u></b>						
As at 31 December 2019	2,456,075	17,509	176,774	258,048	75,746	2,984,152
As at 31 December 2020	2,425,362	17,509	177,332	239,180	62,356	2,921,739
<b><u>Depreciation for the years ended 31 December:</u></b>						
2019						216,907
2020						223,710

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis	Cost basis		
	Office condominium and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	Total
<b>Cost:</b>				
As at 1 January 2019	757,557	446,167	82,944	1,286,668
Additions/transfers-in	755	45,695	8,481	54,931
Disposals/write-offs/transfers-out	(128,590)	(30,471)	(3,702)	(162,763)
As at 31 December 2019	629,722	461,391	87,723	1,178,836
Additions/transfers-in	46,319	63,251	-	109,570
Disposals/write-offs/transfers-out	(264)	(10,350)	(6,567)	(17,181)
As at 31 December 2020	675,777	514,292	81,156	1,271,225
<b>Accumulated depreciation:</b>				
As at 1 January 2019	-	297,589	31,365	328,954
Depreciation for the year	10,883	56,260	14,106	81,249
Depreciation on disposals/ write-offs/transfers-out	(74)	(27,970)	(3,702)	(31,746)
As at 31 December 2019	10,809	325,879	41,769	378,457
Depreciation for the year	11,285	55,485	13,627	80,397
Depreciation on disposals/ write-offs/transfers-out	-	(10,120)	(4,474)	(14,594)
As at 31 December 2020	22,094	371,244	50,922	444,260
<b>Net book value:</b>				
As at 31 December 2019	618,913	135,512	45,954	800,379
As at 31 December 2020	653,683	143,048	30,234	826,965
<b>Depreciation for the years ended 31 December</b>				
2019				81,249
2020				80,397

As at 31 December 2020 and 2019, the Group has equipment which has been fully depreciated but is still in use with the gross carrying amount, before deducting accumulated depreciation and allowance for loss on impairment, of approximately Baht 1,203 million and Baht 1,210 million, respectively (the Company only: Baht 274 million and Baht 173 million, respectively).

The Group 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 2020 and 2019 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements as at 31 December		financial statements as at 31 December	
	2020	2019	2020	2019
Office condominiums - net of accumulated depreciation	965,504	993,894	242,568	253,059

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	Consolidated	Result to fair value
	financial statements	where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475	Increase in fair value
	Separate	Result to fair value
	financial statements	where as an increase in assumption value
Estimated office condominium price rate (Baht/Sq.m.)	88,145 - 103,700	Increase in fair value

#### 4.14 Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Cost:</b>		
Beginning balance as at 1 January 2020	-	-
Changes due to the adoption of new financial reporting standards	1,061,585	1,158
Beginning balance as at 1 January 2020 - after adjustment	1,061,585	1,158
Additions	158,039	-
Contract amendment	(2,526)	-
Contract termination	(70,034)	-
31 December 2020	1,147,064	1,158
<b>Accumulated depreciation:</b>		
1 January 2020	-	-
Depreciation for the year	288,287	279
Accumulated depreciation on terminated contracts	(26,709)	-
31 December 2020	261,578	279
<b>Net book value:</b>		
31 December 2020	885,486	879

#### 4.15 Intangible assets

The book value of intangible assets - computer software as at 31 December 2020 and 2019 is presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Cost	1,630,360	1,600,388	590,697	572,577
Less: Accumulated amortisation	(1,416,092)	(1,270,928)	(491,870)	(448,368)
Net book value	214,268	329,460	98,827	124,209

A reconciliation of the net book value of intangible assets for the years ended 31 December 2020 and 2019 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	
	2020	2019	2020	2019
Net book value at beginning of year	329,460	448,222	124,209	159,531
Acquisitions of computer software	30,943	46,891	18,120	27,518
Transfers-in of computer software	-	520	-	520
Write-offs/disposals of computer software	(955)	(1,119)	-	(22)
Amortisation	(145,180)	(165,054)	(43,502)	(63,338)
Net book value at end of year	214,268	329,460	98,827	124,209

As at 31 December 2020 and 2019, the Group has computer software which has been fully amortised but is still in use with the gross carrying amount, before deducting accumulated amortisation, of approximately Baht 882 million and Baht 846 million, respectively (the Company only: Baht 367 million and Baht 336 million, respectively).

#### 4.16 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Receivables from clearing house	291,896	605	-	-
Value added tax - net	367,830	398,298	1,652	3,796
Accrued interest receivables	17,765	11,333	-	-
Fee and service receivables	468,956	653,250	126,439	119,933
Refundable income tax and prepaid income tax	8,751	23,769	-	-
Deposits	84,200	86,299	95	2,095
Other receivables	587,995	725,684	-	365
Other assets	399,180	440,937	60,633	70,523
Total other assets	2,226,573	2,340,175	188,819	196,712

#### 4.17 Deposits

##### 4.17.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2020	2019
Deposits		
Current accounts	3,199,911	2,638,324
Savings accounts	50,319,591	37,801,616
Fixed accounts		
- not over 6 months	12,761,123	19,248,789
- over 6 months but not over 1 year	27,901,720	33,399,669
- over 1 year	3,219,474	3,912,418
Certificates of deposit/negotiable certificates of deposit	106,071,006	119,083,735
Total	203,472,825	216,084,551

4.17.2 As at 31 December 2020 and 2019, all outstanding deposits are deposits from domestic depositors and are in Baht.

#### 4.18 Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2020			2019		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand	-	1,164,700	1,164,700	-	-	-
Commercial banks	128,832	920,000	1,048,832	56,084	990,000	1,046,084
Specialised Financial Institutions	-	2,353,466	2,353,466	-	2,535,990	2,535,990
Other financial institutions	357,808	882,840	1,240,648	229,591	844,468	1,074,059
Total	486,640	5,321,006	5,807,646	285,675	4,370,458	4,656,133

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2020			2019		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	3,780,000	-	3,780,000	-	-	-
Total	3,780,000	-	3,780,000	-	-	-

As at 31 December 2020, interbank and money market items in the separate financial statements is a borrowing from a subsidiary amounting to Baht 3,780 million which matures at call and bears interest at a fixed rate per annum. Interest payment on which is made on a monthly basis.

#### 4.19 Debts issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,620,000	6,680,000	-	-
Unsubordinated unsecured debentures	6,169,000	18,300,000	1,629,000	6,300,000
Bills of exchange	36,122	36,122	-	-
Promissory notes	797	797	-	-
Total	12,825,919	25,016,919	1,629,000	6,300,000

## 4.19.1 Subordinated unsecured debentures

As at 31 December 2020 and 2019, the subsidiary operating a banking business has long-term subordinated unsecured debentures with an early redemption right in accordance with the BOT's regulations as follows:

Issued year	Units		Face value  (Baht per unit)	Balance		Maturity in the year	Interest rate
	as at 31 December			as at 31 December			
	2020	2019		2020	2019		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	-	1.00	1,000	-	1,000	2025	4.50 percent per annum
2015	-	1.00	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	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2020	1.25	-	1,000	1,250	-	2030	3.50 percent per annum
2020	0.69	-	1,000	690	-	2030	3.15 percent per annum
Total				6,620	6,680		

## 4.19.2 Unsubordinated unsecured debentures

As at 31 December 2020 and 2019, the Group has short-term and long-term unsubordinated unsecured debentures as follows:

Consolidated financial statements								
Issued year	Type of debentures	Units		Face value  (Baht per unit)	Balance		Maturity in the year	Interest rate
		as at 31 December			as at 31 December			
		2020  (Million units)	2019  (Million units)		2020  (Million Baht)	2019  (Million Baht)		
2018	Long-term debenture	-	12.00	1,000	-	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
2020	Short -term debenture	1.629	-	1,000	1,629	-	2021	0.55 - 1.05 percent per annum
2020	Short -term debenture	2.32	-	1,000	2,320	-	2021	1.30 percent per annum
2020	Long -term debenture	2.22	-	1,000	2,220	-	2022	1.40 percent per annum
Total					6,169	18,300		

Separate financial statements								
Issued year	Type of debentures	Units		Face value  (Baht per unit)	Balance		Maturity in the year	Interest rate
		as at 31 December			as at 31 December			
		2020	2019		2020	2019		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2019	Short-term debenture	-	6.30	1,000	-	6,300	2020	1.50 - 1.85 percent per annum
2020	Short-term debenture	1.629	-	1,000	1,629	-	2021	0.55 - 1.05 percent per annum
Total					1,629	6,300		

## 4.19.3 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.

## 4.20 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Beginning balance as at 1 January 2020				
from the adoption of new financial reporting standards	1,060,908	-	1,215	-
Increase during the year	171,171	-	-	-
Contract amendment	(4,353)	-	-	-
Paid during the year	(291,784)	-	(293)	-
Terminated during the year	(47,394)	-	-	-
Balance as at 31 December 2020	888,548	-	922	-
Less: Deferred interest expenses	(59,958)	-	(33)	-
Lease liabilities - net	828,590	-	889	-

The maturity analysis of lease liabilities of the Group is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2020			
	Amount due for payment under the contract			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Undiscounted lease payments	199,565	604,763	84,220	888,548
Deferred interest expenses	(19,600)	(31,200)	(9,158)	(59,958)
Lease liabilities	179,965	573,563	75,062	828,590

(Unit: Thousand Baht)

	Separate financial statements as at 31 December 2020			
	Amount due for payment under the contract			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Undiscounted lease payments	292	630	-	922
Deferred interest expenses	(17)	(16)	-	(33)
Lease liabilities	275	614	-	889

The Group had total cash outflows on leases during the year ended 31 December 2020 of Baht 303 million (the Company only: Baht 3 million).

Expenses relating to leases that are recognised in profit or loss for the year ended 31 December 2020 are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Depreciation expense of right-of-use assets	288	-
Interest expense on lease liabilities	24	-
Expense relating to variable lease payments	18	3
Total	330	3

#### 4.21 Provision

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Allowance for expected credit loss on				
loan commitments	14,716	-	-	-
Provision for long-term employee				
benefits	1,676,338	1,485,868	291,741	265,897
Total provisions	1,691,054	1,485,868	291,741	265,897

##### 4.21.1 Allowance for expected credit loss on loan commitments

As at 31 December 2020, allowance for expected credit loss on loan commitments by classification is as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December 2020	
	Loan commitments	Allowance for expected credit loss
Financial assets with no significant increase in credit risk		
(Performing)	1,338,700	14,716
Financial assets with significant increases in credit risk		
(Under-performing)	-	-
Financial assets that are credit-impaired (Non-performing)	-	-
Total	1,338,700	14,716

Changes in allowance for expected credit loss on loan commitments is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2020			
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
Balance - beginning of year	-	-	-	-
Changes from revaluation of allowance for credit loss	14,716	-	-	14,716
Balance - end of year	14,716	-	-	14,716

#### 4.21.2 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 2020 and 2019 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December	
	2020	2019
Defined post-employment benefit obligation at beginning of year	1,234,614	659,719
Current service cost	96,685	72,855
Interest cost	19,502	24,672
Past service cost	-	213,412
Benefits paid during the year	(35,104)	(24,619)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	22,155	169,837
Financial assumptions changes	28,635	161,618
Other assumptions changes	(10,517)	(42,880)
Defined post-employment benefit obligation at end of year	1,355,970	1,234,614
Other long-term benefits	320,368	251,254
Total provision for long-term employee benefits at end of year	1,676,338	1,485,868



(Unit: Thousand Baht)

	Separate financial statements	
	as at 31 December	
	2020	2019
Defined post-employment benefit obligation at beginning of year	241,239	155,960
Current service cost	14,175	12,189
Interest cost	3,200	4,844
Past service cost	-	49,486
Benefits paid during the year	(9,139)	(1,867)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	2,590	29,652
Financial assumptions changes	7,717	35,796
Other assumptions changes	3,541	(44,821)
Defined post-employment benefit obligation at end of year	263,323	241,239
Other long-term benefits	28,418	24,658
Total provision for long-term employee benefits at end of year	291,741	265,897

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Current service cost	129,086	93,966	16,632	14,148
Interest cost	23,081	28,688	3,524	5,293
Past service cost	-	213,412	-	49,486
Actuarial loss	52,530	70,833	4,208	3,251
Total employee benefit expenses	204,697	406,899	24,364	72,178

As at 31 December 2020 and 2019, the Group expects to pay long-term employee benefits during the next year of Baht 131 million and Baht 120 million, respectively (the Company only: Baht 52 million and Baht 44 million, respectively).

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for long-term employee benefits is 16 years (the Company only: 11 years and 12 years, respectively).

Significant actuarial assumptions as at the assessment date are summarised below:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
Discount rate	0.46 - 2.61	1.25 - 2.25	0.46 - 2.41	1.25 - 2.19
Average salary increase rate	5.00	5.00	5.00	5.00

The results of sensitivity analysis for significant assumptions that affect the increase (decrease) in the present value of the employee benefit obligation as at 31 December 2020 and 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December			
	2020		2019	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(37,366)	39,014	(34,429)	35,962
Average salary increase rate	37,673	(36,298)	34,780	(33,498)

(Unit: Thousand Baht)

	Separate financial statements as at 31 December			
	2020		2019	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(4,327)	4,479	(4,219)	4,365
Average salary increase rate	4,314	(4,192)	4,216	(4,098)

## 4.22 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Payable to clearing house	309,866	338,821	-	-
Withholding income tax and other				
tax payables	593,909	528,570	94,560	88,931
Accrued insurance premium	479,958	474,845	-	-
Deferred income	1,481,571	1,642,236	-	-
Accrued expenses	3,458,156	4,259,596	1,508,858	1,360,474
Suspense creditors	1,075,205	1,014,778	-	-
Other liabilities	405,956	400,296	100	92
Total other liabilities	7,804,621	8,659,142	1,603,518	1,449,497

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 operating results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is continuously 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 2020, the Group has accrued bonus under this scheme amounting to Baht 444 million (the Company only: Baht 217 million).

As at 31 December 2020, the above other liabilities include advances received from Electronic Funds Transfer transactions of the maintained operating a banking business amounting to Baht 3 million, and the subsidiary maintained an asset amounting to Baht 13 million to reserve for advances received through such transactions, presented under interbank and money market items (assets) in the statement of financial position.

#### **4.23 Capital funds**

The primary objectives of the Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, in accordance with the regulations of the BOT.

The 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 funds as at 31 December 2020 and 2019, the Financial Business Group has allocated the additional reserve from classification as part of regulatory capital funds. 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	
	2020	2019
<b><u>Common Equity Tier I capital</u></b>		
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	21,759,372	20,512,152
Other components of equity	1,837,917	1,810,937
Less: Deductions from Common Equity Tier I items	(1,054,338)	(1,753,842)
<b>Total Common Equity Tier I capital</b>	<b>32,368,815</b>	<b>30,395,111</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
<b>Total Tier I capital</b>	<b>32,368,914</b>	<b>30,395,210</b>
<b><u>Tier II capital</u></b>		
Long-term subordinated debentures	6,620,000	6,680,000
Surplus of provision	762,036	769,245
Reserve for loans classified as normal	726,676	717,550
<b>Total Tier II capital</b>	<b>8,108,712</b>	<b>8,166,795</b>
<b>Total capital funds</b>	<b>40,477,626</b>	<b>38,562,005</b>

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2020		2019	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	17.48	7.00	16.38	7.00
Tier I capital to risk assets	17.48	8.50	16.38	8.50
Total capital to risk assets	21.86	11.00	20.78	11.00

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

(Unit: Thousand Baht)

	As at 31 December	
	2020	2019
<b><u>Common Equity Tier I capital</u></b>		
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	17,713,142	17,277,459
Other components of equity	309,469	304,899
Less: Deductions from Common Equity Tier I items	(366,769)	(1,080,464)
<b>Total Common Equity Tier I capital</b>	<b>30,398,542</b>	<b>29,244,594</b>
<b><u>Financial Instrument Tier I capital</u></b>		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
<b>Total Tier I capital</b>	<b>30,398,543</b>	<b>29,244,595</b>
<b><u>Tier II Capital</u></b>		
Long-term subordinated debentures	6,620,000	6,680,000
Surplus of provision	741,712	749,945
Reserve for loans classified as normal	557,567	542,598
<b>Total Tier II capital</b>	<b>7,919,279</b>	<b>7,972,543</b>
<b>Total capital funds</b>	<b>38,317,822</b>	<b>37,217,138</b>

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2020		2019	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	18.07	7.00	17.37	7.00
Tier I capital to risk assets	18.07	8.50	17.37	8.50
Total capital to risk assets	22.78	11.00	22.10	11.00

To comply with the Notification of the BOT No. Sor Nor Sor. 15/2562 regarding "Public Disclosure of Capital Maintenance for Financial Business Group (No.2)", the Company will disclose capital maintenance information of the Financial Business Group as at 31 December 2020 on its website ([www.tisco.co.th](http://www.tisco.co.th)) within April 2021.

## 4.24 Other components of equity

### 4.24.1 Surplus (deficit) on valuation of available-for-sale investments

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Balance - beginning of year	(14,260)	(88,532)	52,234	(62,026)
Changes due to the adoption of new financial reporting standards	14,260	-	(52,234)	-
Balance - beginning of year after adjustment	-	(88,532)	-	(62,026)
Increase from changes in value of investments during the year	-	74,272	-	114,260
	-	(14,260)	-	52,234
Less: Effect of deferred tax liabilities	-	(17,384)	-	(10,447)
Balance - end of year	-	(31,644)	-	41,787

### 4.24.2 Surplus (deficit) on valuation of investments at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Balance - beginning of year	-	-	-	-
Changes due to the adoption of new financial reporting standards	5,286	-	-	-
Balance - beginning of year after adjustment	5,286	-	-	-
Increase (decrease) from changes in value of investments during the year	2,053	-	(1,536)	-
	7,339	-	(1,536)	-
Add: Effect of deferred tax assets	-	-	307	-
Less: Effect of deferred tax liabilities	(1,468)	-	-	-
Balance - end of year	5,871	-	(1,229)	-

#### 4.24.3 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		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Balance - beginning of year	1,451,010	1,455,449	382,866	383,656
Transfer to retained earnings	(4,364)	(4,439)	(794)	(790)
	1,446,646	1,451,010	382,072	382,866
Less: Effect of deferred tax liabilities	(289,508)	(290,298)	(76,413)	(76,572)
Balance - end of year	1,157,138	1,160,712	305,659	306,294

#### 4.25 Interest income

Interest income in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Interbank and money market items	251,331	575,858	2,653	6,951
Investments in debt securities	142,275	232,414	6,953	3,815
Loans to customers and overdrafts	8,002,719	8,047,674	55,764	49,892
Hire purchase and finance lease	8,360,384	9,025,261	-	-
Total interest income	16,756,709	17,881,207	65,370	60,658

Interest income for the year ended 31 December 2020 consisted of interest income on credit-impaired financial assets amounting to Baht 548 million. The subsidiaries fully recognised expected credit loss on such interest income.

#### 4.26 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Deposits	2,637,766	3,242,249	-	-
Interbank and money market items	25,468	28,431	19,589	127
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	523,948	1,062,716	-	-
Issued debt securities				
- Subordinated debentures	265,996	275,075	-	-
- Unsubordinated debentures	180,703	467,063	50,827	73,630
Borrowings	913	13,264	-	12,352
Others	24,206	-	24	-
Total interest expenses	3,659,000	5,088,798	70,440	86,109

#### 4.27 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Fee and service income				
- Acceptance, aval and guarantees	6,670	5,271	-	-
- Insurance service	2,222,944	3,129,050	-	-
- Brokerage fee	784,796	718,042	-	-
- Fund management	1,219,100	1,527,632	-	-
- Others	1,226,181	1,130,977	-	-
Total fee and service income	5,459,691	6,510,972	-	-
Fee and service expenses				
- Information service expenses	(17,760)	(14,885)	-	-
- Others	(295,900)	(310,869)	(21,975)	(17,175)
Total fee and service expenses	(313,660)	(325,754)	(21,975)	(17,175)
Net fee and service income	5,146,031	6,185,218	(21,975)	(17,175)



**4.28 Net gain on financial instruments measured at fair value through profit or loss**

Net gain on financial instruments measured at fair value through profit or loss in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Gains (losses) on financial instruments				
measured at fair value through profit or loss				
- Foreign currencies and derivatives				
on foreign exchange	(15,283)	-	(1,738)	-
- Debt securities	20,032	-	-	-
- Equity securities	252,741	-	54,964	-
- Others	(5)	-	-	-
Net gain on financial instruments measured at				
fair value through profit or loss	257,485	-	53,226	-

**4.29 Net loss on trading and foreign exchange transactions**

Net loss on trading and foreign exchange transactions in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Gains (losses) on trading and foreign exchange				
transactions				
- Foreign currencies and derivatives				
on foreign exchange	-	(58,331)	-	(59,493)
- Derivatives on interest rates	-	(2)	-	-
- Debt securities	-	34,294	-	-
- Others	-	(188)	-	-
Net loss on trading and foreign exchange				
transactions	-	(24,227)	-	(59,493)

#### 4.30 Net gain on investments

Net gain on investments in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Gains on disposal				
- Debt instruments measured at fair value through other comprehensive income	4,921	-	-	-
- Debt instruments measured at amortised cost	7,451	-	-	-
- Available-for-sale investments	-	703	-	-
- Held-to-maturity debt securities	-	9,880	-	-
- General investments	-	1,918	-	-
Total	12,372	12,501	-	-
Loss on impairment				
- General investments	-	(5,684)	-	-
Total	-	(5,684)	-	-
Net gain on investments	12,372	6,817	-	-

#### 4.31 Bad debts, doubtful accounts and impairment loss

Bad debts, doubtful accounts and impairment loss in the statements of comprehensive income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Held-to-maturity debt securities (reversal)	-	(915)	-	-
Loans to customers	-	1,110,018	-	-
Total	-	1,109,103	-	-

#### 4.32 Expected credit loss

Expected credit loss and gain or loss from the modifications of terms of financial assets in the statements of comprehensive income for the year ended 31 December 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Expected credit loss				
- Interbank and money market items	1,081	-	9	-
- Investments in debt instruments measured at amortised cost (reversal)	(390)	-	-	-
- Investments in debt instruments measured at fair value through other comprehensive income and accrued interest receivables	193,797	-	168,272	-
- Loans to customers	3,067,524	-	4,134	-
Loss from the modification of terms				
- Loans to customers	53,876	-	-	-
Loan commitments	14,716	-	-	-
Total	3,330,604	-	172,415	-

#### 4.33 Income tax expenses

Income tax expenses of the Group for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Current income tax:				
Income tax expenses for the year	1,040,671	2,081,022	105,243	91,600
Adjustments of prior year's income tax	37	-	-	-
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	456,946	(298,469)	(52,801)	(12,760)
Income tax expenses reported in the statement of comprehensive income	1,497,654	1,782,553	52,442	78,840

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
(Gain) loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	(411)	-	307	-
Gain on valuation of available-for-sale investments	-	(14,854)	-	(22,852)
Actuarial loss	8,072	57,556	2,770	4,125
Income tax expenses recorded directly to other comprehensive income	7,661	42,702	3,077	(18,727)

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Accounting profit before tax	7,561,516	9,055,751	5,111,737	6,303,124
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,512,303	1,811,150	1,022,347	1,260,625
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(13,367)	(23,936)	(969,905)	(1,181,785)
Adjustments of prior year's income tax	37	-	-	-
Others	(1,319)	(4,661)	-	-
Income tax expenses reported in the statement of comprehensive income	1,497,654	1,782,553	52,442	78,840
Weighted average tax rate	19.81%	19.68%	1.03%	1.25%

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Changes in deferred tax assets/liabilities reported in profit or loss for the years ended 31 December	
	2020	2019	2020	2019
Allowance for doubtful accounts	391,269	838,399	(447,130)	124,910
Allowance for expected credit loss	42,846	-	42,846	-
Allowance for impairment of investments	34,788	39,063	(4,275)	(4,663)
Allowance for impairment of properties foreclosed	168	55	113	(2,319)
Non-accrual of interest income	10,719	55,655	(44,936)	4,971
Depreciation of assets	(69,190)	(75,889)	6,699	(6,411)
Finance leases	-	(12)	12	150
Gain on changes in value of investment properties	(1,441)	(4,722)	3,281	205
Surplus on revaluation of assets	(295,261)	(296,051)	-	-
Surplus on changes in value of investments	(961)	(17,385)	-	-
Unrealised (gain) loss on derivatives	-	(214)	214	(2,131)
Gain on changes in fair value of investment in securities	(131,109)	-	(10,915)	-
Deferred commission and direct expenses incurred at the initiation of hire purchase	(370,862)	(615,105)	244,243	(22,779)
Loss on disposal of properties foreclosed	46,727	49,173	(2,446)	26,710
Unearned interest income on hire purchase	101,877	197,238	(95,361)	18,017
Reduction of subsidiaries' share capital	21,435	25,048	(3,613)	3,613
Accrued expenses	581,072	694,211	(113,139)	87,811
Employee benefit expenses	308,945	295,862	12,622	81,825
Others	95,422	139,578	(44,156)	10,182
<b>Deferred tax assets</b>	<b>766,444</b>	<b>1,324,904</b>	<b>(455,941)</b>	<b>320,091</b>

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Changes in deferred tax assets/liabilities reported in profit or loss for the years ended 31 December	
	2020	2019	2020	2019
Allowance for expected credit loss	(81)	-	(81)	-
Allowance for impairment of investments	(6)	-	(6)	-
Depreciation of assets	(1,757)	-	(1,757)	(1,200)
Gain on changes in fair value of investment properties	2,687	-	2,687	-
Surplus on revaluation of assets	507	-	-	-
Gain on changes in value of investments in securities	46,970	-	39,774	-
Accrued expenses	(21,343)	-	(21,343)	17,406
Employee benefit expenses	(24,862)	-	(17,251)	5,214
Others	(1,018)	-	(1,018)	202
<b>Deferred tax liabilities</b>	<b>1,097</b>	<b>-</b>	<b>1,005</b>	<b>21,622</b>

(Unit: Thousand Baht)

	Separate financial statements			
	As at 31 December		Changes in deferred tax assets/liabilities reported in profit or loss for the years ended 31 December	
	2020	2019	2020	2019
Allowance for expected credit loss	34,483	-	34,483	-
Allowance for impairment of investments	21,732	21,732	-	-
Depreciation of assets	(41,622)	(39,177)	(2,445)	(3,294)
Gain on changes in fair value of investment properties	(92,082)	(92,082)	-	-
Surplus on revaluation of assets	(76,413)	(76,573)	-	-
(Surplus) deficit on changes in value of investments	307	(10,447)	-	-
Gain on changes in value of investments in securities	(21,440)	-	(10,992)	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	297,228	268,696	28,532	2,398
Employee benefit expenses	58,348	53,179	2,399	13,656
Others	824	-	824	-
<b>Deferred tax assets</b>	<b>202,800</b>	<b>146,763</b>	<b>52,801</b>	<b>12,760</b>

#### 4.34 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	
	2020	2019	2020	2019
Profit attributable to equity holders of the Company (Thousand Baht)	6,063,483	7,270,233	5,059,295	6,224,284
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	7.57	9.08	6.32	7.77

#### 4.35 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
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 Investment Advisory Securities Co., Ltd. <sup>(1)</sup>	Subsidiary company
TISCO Tokyo Leasing Co., Ltd.	Joint venture company

(1) The company registered the completeness of liquidation with the Ministry of Commerce on 28 October 2020.

As at 31 December 2020 and 2019, the balances of accounts between the Company and its related companies are as follows:

(Unit: Thousand Baht)		
Consolidated financial statements		
as at 31 December		
	2020	2019
<b><u>Outstanding balance</u></b>		
<b>Directors and management - departmental manager upward</b>		
Loans <sup>(2)</sup>	23,839	22,366
Deposits	513,190	363,369
<b>Companies which directors or their related persons have significant influence over</b>		
Deposits	147,902	510,516
<b>Related persons of directors and key management</b>		
Deposits	35,880	35,571
<i>(2) Including employee welfare loans and normal loans</i>		

(Unit: Thousand Baht)		
Separate financial statements		
as at 31 December		
	2020	2019
<b><u>Outstanding balance</u></b>		
(Eliminated from the consolidated financial statements)		
<b>Subsidiary companies</b>		
Interbank and money market items - net (assets)		
TISCO Bank Public Company Limited	17,382	1,098,448
Loans to customers		
Hi-way Co., Ltd.	3,180,000	2,210,000
Dividend receivables		
TISCO Bank Public Company Limited	1,888,978	4,100,464
TISCO Securities Co., Ltd.	340,000	75,000
TISCO Asset Management Co., Ltd.	629,996	699,996
Hi-Way Co., Ltd.	416,500	550,000
TISCO Insurance Solution Co., Ltd.	374,987	384,987
TISCO Information Technology Co., Ltd.	159,995	49,999
TISCO Learning Center Co., Ltd.	34,498	17,499
Other assets		
TISCO Bank Public Company Limited	126,221	120,398
TISCO Securities Co., Ltd.	-	24
TISCO Asset Management Co., Ltd.	-	53
TISCO Learning Center Co., Ltd.	-	365
Interbank and money market items (liabilities)		
TISCO Bank Public Company Limited	3,780,000	-
Other liabilities		
TISCO Learning Center Co., Ltd.	179	43



**Loans to related companies**

As at 31 December 2020 and 2019, the balances of loans between the Company and its related companies and their movements are as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2019	Increase	Decrease As at 31 December 2020
<b>Subsidiary companies</b>			
Loans			
Hi-Way Co., Ltd	2,210,000	1,420,000	(450,000) 3,180,000

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.

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	Terms and pricing policies
	2020	2019

**Transactions occurred during the year**

(Eliminated from the consolidated financial statements)

**Subsidiary companies**

Interest income	58,417	56,690	With reference to the terms and prices as offered to other customers
Risk and financial management fee income, human resources management fee income and office administration fee income	2,145,465	2,185,213	Determined on market prices and/or actual costs in compliance with the criteria specified by the BOT
Rental income	75,987	80,246	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	315,000	292,000	Determined on actual costs in compliance with the criteria specified by the BOT
Training expenses	6,528	9,566	With reference to the prices as offered from other service providers
Interest expenses	19,589	127	With reference to the terms and prices as offered from other service providers
Other expenses	1,527	1,688	With reference to the terms and prices as offered to other customers

In May 2020, the Company invested in private sector debt securities totaling Baht 372 million of a company with weak financial position and poor operating results from mutual funds managed by the subsidiary operating an asset management business. As at 31 December 2020, the Company has already set up an allowance for expected credit loss amounting to Baht 164 million on these investments, calculated based on the average recovery rate as announced by the Thai Bond Market Association.

#### Directors' and key management's benefits

During the years ended 31 December 2020 and 2019, the Group had short-term benefit expenses and other employee benefit expenses to its directors and key management as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2020	2019	2020	2019
Short-term benefits	769	773	458	467
Post-employment benefits	61	60	32	32
Other long-term benefits	145	145	107	107
Total	975	978	597	606

#### **4.36 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 Group operates 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 Group has 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 Group 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 Group 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 2020 and 2019, the Group did not have income from any customer amounting to or over 10 percent of its income.

The following tables present revenue and profit information regarding the Group operating segments for the years ended 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

For the year ended 31 December 2020							
	Commercial banking business and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
<b>Revenue</b>							
External customers	16,270	1,097	1,550	(13)	18,904	-	18,904
Inter-segment	887	2	(64)	8,104	8,929	(8,929)	-
<b>Total revenue</b>	<u>17,157</u>	<u>1,099</u>	<u>1,486</u>	<u>8,091</u>	<u>27,833</u>	<u>(8,929)</u>	<u>18,904</u>
<b>Operating results</b>							
Net interest income	13,082	11	4	(5)	13,092	6	13,098
Net fee and service income	3,682	879	1,476	996	7,033	(1,887)	5,146
Other operating income	393	209	6	7,100	7,708	(7,048)	660
<b>Total operating income</b>	<u>17,157</u>	<u>1,099</u>	<u>1,486</u>	<u>8,091</u>	<u>27,833</u>	<u>(8,929)</u>	<u>18,904</u>
Premises and equipment expenses and amortisation	(1,545)	(80)	(27)	(778)	(2,430)	1,012	(1,418)
Other operating expenses	(6,670)	(575)	(639)	(1,788)	(9,672)	3,079	(6,593)
Expected credit loss	(3,181)	(1)	-	(173)	(3,355)	24	(3,331)
<b>Total operating expenses</b>	<u>(11,396)</u>	<u>(656)</u>	<u>(666)</u>	<u>(2,739)</u>	<u>(15,457)</u>	<u>4,115</u>	<u>(11,342)</u>
<b>Segment profit before income tax expenses</b>	<u>5,761</u>	<u>443</u>	<u>820</u>	<u>5,352</u>	<u>12,376</u>	<u>(4,814)</u>	<u>7,562</u>
Income tax expenses							(1,498)
Non-controlling interests of the subsidiaries							-
<b>Profit for the year - equity holders of the Company</b>							<u>6,064</u>

(Unit: Million Baht)

For the year ended 31 December 2019							
	Commercial banking business and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
<b>Revenue</b>							
External customers	17,074	777	1,736	(151)	19,436	-	19,436
Inter-segment	637	250	(40)	9,202	10,049	(10,049)	-
<b>Total revenue</b>	<b>17,711</b>	<b>1,027</b>	<b>1,696</b>	<b>9,051</b>	<b>29,485</b>	<b>(10,049)</b>	<b>19,436</b>
<b>Operating results</b>							
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
<b>Total operating income</b>	<b>17,711</b>	<b>1,027</b>	<b>1,696</b>	<b>9,051</b>	<b>29,485</b>	<b>(10,049)</b>	<b>19,436</b>
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 loss	(1,105)	-	-	-	(1,105)	(4)	(1,109)
<b>Total operating expenses</b>	<b>(10,206)</b>	<b>(925)</b>	<b>(685)</b>	<b>(2,647)</b>	<b>(14,463)</b>	<b>4,083</b>	<b>(10,380)</b>
<b>Segment profit before income tax expenses</b>	<b>7,505</b>	<b>102</b>	<b>1,011</b>	<b>6,404</b>	<b>15,022</b>	<b>(5,966)</b>	<b>9,056</b>
Income tax expenses							(1,783)
Non-controlling interests of the subsidiaries							(3)
<b>Profit for the year - equity holders of the Company</b>							<b>7,270</b>

The following tables present total assets information regarding the Group's operating segments as at 31 December 2020 and 2019, respectively.

(Unit: Million Baht)

As at 31 December 2020							
	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
<b>Segment total assets</b>	272,267	3,392	1,412	31,087	308,158	(32,715)	275,443
Premises and equipment - net	910	18	249	847	2,024	898	2,922

(Unit: Million Baht)

As at 31 December 2019							
	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
<b>Segment total assets</b>	291,429	2,806	1,464	32,767	328,466	(30,323)	298,143
Premises and equipment - net	939	18	250	826	2,033	951	2,984

#### 4.37 Provident fund

The Company, its eight subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Group 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 2020 and 2019, the Group recognised the contributions as expenses totaling Baht 320 million and Baht 301 million, respectively (the Company only: Baht 48 million and Baht 45 million, respectively).

#### 4.38 Commitments and contingent liabilities

##### 4.38.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements		
as at 31 December		
	2020	2019
Other guarantees	497,316	482,094
Undrawn client overdraft facilities	20,000	46,439
Foreign exchange contracts (Note 4.39.5)	1,189,528	917,044
Others	1,338,700	548,509
<b>Total</b>	<b>3,045,544</b>	<b>1,994,086</b>

#### 4.38.2 Litigation

As at 31 December 2020 and 2019, the subsidiaries have been sued for compensation totaling approximately Baht 392 million and Baht 314 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Group believes that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

#### 4.38.3 Other commitments

- a) 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.
- b) 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, to be expired in June 2021.

### 4.39 Risk management

#### 4.39.1 Credit risk

Credit Risk is defined as the possibility that the obligor or borrower will be unable to comply with the terms and conditions of agreements, causing them to be unable to settle liabilities to the Group when due or to deliberately breach the terms of payment to the Group. If this occurs without collateral coverage, the Group will need to increase its bad debt provisions, adversely impacting the net income and capital of the Group.

#### **Credit Risk Management Framework**

The Risk Management Committee has been appointed to oversee credit risk management of the corporate portfolio. The committee is responsible for formulating credit risk strategies and establishing guidelines and limits, as well as advising other credit risk authorities on related issues. It also monitors and reviews credit risks at the portfolio level and reports essential credit risk information to the Board. In addition, the Risk Oversight Committee is to advise the Board of Directors on the risk governance framework to ensure that top management and heads of risk management functions comply with the approved risk management policy, strategies, and risk appetites, while reviewing the sufficiency and effectiveness of the overall risk management policy and strategies. The Risk Oversight Committee is also to report to the Board of Directors on risk exposures and to participate in evaluation of the performance of the heads of the risk management functions.

Specific-area credit risk at in-depth transaction level is under the supervision of the Credit Committee and the Problem Loan Committee. The Credit Committee is responsible for reviewing and granting credit approvals, and may delegate its authority to oversee credit risk to designated persons for lower-risk transactions. In addition, the Problem Loan Committee was set up to closely monitor and follow up overdue payments of problem loan accounts and properties foreclosed on a regular basis.

The credit risk assessment processes are key practices of the Group and include credit rating, credit analysis, delinquency analysis, concentration analysis and risk capital analysis. The Group is aware of the importance of the credit risk assessment process and so all credit activities must operate under a sound credit approval process in which an effective credit rating system is employed. In the retail lending area, quantitative-oriented approaches to credit grading are implemented, considering homogenous high-volume characteristics at the portfolio level. In the corporate lending area, qualitative-oriented credit grading approaches are employed, taking into account the widely varying risk profiles.

Concentration risk is another key factor in credit portfolio risk management. Appropriate guidelines are set to control credit concentration, taking into account appropriateness to and alignment with business practices and the Group's capital. In addition, the Group uses credit risk management guidelines and limits that are comprehensively and strictly applied to all credit-related functions both at the portfolio and transactional levels, as well as monitoring and managing problem loan and properties foreclosed.

#### **The maximum exposure to credit risk**

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at gross before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amount before deductions of allowance for expected credit loss.

For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2020 and 2019, the maximum exposure to credit risk are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2020	2019	2020	2019
Interbank and money market items (Assets)	38,213	45,300	17	1,098
Investments in debt instruments measured at fair value through other comprehensive income	9,953	-	206	-
Investments in debt instruments measured at amortised cost	12	12	-	-
Available-for-sale debt investments	-	7,997	-	-
Loans to customers and accrued interest receivables	226,714	244,067	3,180	2,210
Securities and derivatives business receivables	1,058	1,164	-	-
Receivables from clearing house	292	1	-	-
Total financial assets	276,242	298,541	3,403	3,308
Loan commitments	1,339	595	-	-
Total credit risk exposure	277,581	299,136	3,403	3,308

### Collateral and any operations to increase creditability

The Group has held collateral and any operations to increase creditability of exposure to risk. The details of the exposure to risk with collateral held by the Group for each type of financial assets are as follows:

(Unit: Million Baht)

	Exposure to risk with collateral	
	as at 31 December 2020	Type of collateral
Interbank and money market items	33,502	Bonds
Loans to customers and accrued interest receivables	224,979	Motor vehicles, lands and buildings, deposits, securities

### Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk, the amounts presented for financial assets are gross carrying amount (before allowance for expected credit loss). For loan commitments, the amounts in the table represent the amounts committed.

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2020			
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
<b>Interbank and money market items (Assets)</b>				
Investment grade	38,213	-	-	38,213
Non-investment grade	-	-	-	-
Total	38,213	-	-	38,213
Allowance for expected credit loss	1	-	-	1
<b>Investments in debt securities measured at fair value through other comprehensive income</b>				
Investment grade	9,722	-	-	9,722
Non-investment grade	-	-	231	231
Total	9,722	-	231	9,953
Allowance for expected credit loss	-	-	191	191



(Unit: Million Baht)

## Consolidated financial statement as at 31 December 2020

	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
<b>Investments in debt securities measured at amortised cost</b>				
Investment grade	-	-	-	-
Non-investment grade	-	-	12	12
Total	-	-	12	12
Allowance for expected credit loss	-	-	12	12
<b>Loans to customers and accrued interest receivables</b>				
0 day overdue	179,250	8,228	364	187,842
1 - 30 days overdue	11,327	8,900	365	20,592
31 - 60 days overdue	-	9,805	275	10,080
61 - 90 days overdue	-	3,263	178	3,441
Over 90 days overdue	-	-	4,759	4,759
Total	190,577	30,196	5,941	226,714
Allowance for expected credit loss	5,393	3,689	1,688	10,770
Allowance established in excess				1,056
Total allowance for expected credit loss				11,826
<b>Securities and derivatives business receivables</b>				
0 day overdue	1,058	-	-	1,058
1 - 30 days overdue	-	-	-	-
31 - 60 days overdue	-	-	-	-
61 - 90 days overdue	-	-	-	-
Over 90 days overdue	-	-	-	-
Total	1,058	-	-	1,058
Allowance for expected credit loss	-	-	-	-
<b>Receivables from clearing house</b>				
0 day overdue	292	-	-	292
1 - 30 days overdue	-	-	-	-
31 - 60 days overdue	-	-	-	-
61 - 90 days overdue	-	-	-	-
Over 90 days overdue	-	-	-	-
Total	292	-	-	292
Allowance for expected credit loss	-	-	-	-
<b>Loan commitments</b>				
0 day overdue	1,339	-	-	1,339
1 - 30 days overdue	-	-	-	-
31 - 60 days overdue	-	-	-	-
61 - 90 days overdue	-	-	-	-
Over 90 days overdue	-	-	-	-
Total	1,339	-	-	1,339
Allowance for expected credit loss	15	-	-	15

(Unit: Million Baht)

Separate financial statement as at 31 December 2020				
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Total
<b>Interbank and money market items</b>				
<b>(Assets)</b>				
Investment grade	17	-	-	17
Non-investment grade	-	-	-	-
Total	17	-	-	17
Allowance for expected credit loss	-	-	-	-
<b>Investments in debt securities measured at fair value through other comprehensive income</b>				
Investment grade	-	-	-	-
Non-investment grade	-	-	206	206
Total	-	-	206	206
Allowance for expected credit loss	-	-	164	164
<b>Loans to customers and accrued interest receivables</b>				
0 day overdue	3,180	-	-	3,180
1 - 30 days overdue	-	-	-	-
31 - 60 days overdue	-	-	-	-
61 - 90 days overdue	-	-	-	-
Over 90 days overdue	-	-	-	-
Total	3,180	-	-	3,180
Allowance for expected credit loss	4	-	-	4

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. 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 loss 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 credit granted by the Group is mainly from the provision of hire purchase receivables of the subsidiary operating a banking business. The subsidiary considers risk of hire purchase receivables as follows.

The risk of hire purchase that is not overdue can be classified into three groups, based on quality of risk in respect of expected loss that will be incurred within one year. These are "Very high grade", "High grade" and "Medium grade", with "Very high grade" credit defined as credit from which expected loss over the next year is less than or equal to 0.2% of the balance; "High grade" as credit from which loss within one year is expected to be between 0.2% and 2.0% and "Medium grade" as credit from which loss within one year is 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	
	2020	2019
Not yet past due		
Very high grade	53,570	56,241
High grade	45,175	52,635
Medium grade	3,616	11,603
Subtotal	102,361	120,479
Hire purchase receivables - overdue for 31 to 90 days	19,418	11,569
Hire purchase receivables - overdue for more than 90 days	2,741	2,798
Total	124,520	134,846

#### 4.39.2 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. The 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.

##### 4.39.2.1 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)

	Consolidated financial statements		Separate financial statements	
	Market risk as at 31 December		Market risk as at 31 December	
	2020	2019	2020	2019
Marketable financial assets				
Equity securities	348	235	151	114
Debt securities	4	4	-	-
Foreign currencies	60	31	60	31

## 4.39.2.2 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 one year, based on the 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)

	Consolidated financial statements		Separate financial statements	
	Increase (decrease) in sensitivity of		Increase (decrease) in sensitivity of	
	net interest income as at		net interest income as at	
	31 December		31 December	
	2020	2019	2020	2019
Change in interest rate				
Increase by 1 percent	102.44	(23.28)	(21.34)	(22.18)
Decrease by 1 percent	(102.44)	23.28	21.34	22.18

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.

## 4.39.2.3 Interest rate risk

The Group has the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

Transactions	Consolidated financial statements as at 31 December 2020			
	Outstanding balances of financial instruments			
	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing	
<b>Financial assets</b>				
Cash	-	-	1,220	1,220
Interbank and money market items - net	132	34,591	3,490	38,213
Financial assets measured at fair value through				
profit or loss	-	-	2,173	2,173
Derivatives assets	-	-	62	62
Investments - net	-	4,691	5,262	9,953
Loans to customers	36,336	179,168	11,210	226,714
Securities and derivatives business receivables - net	-	-	1,058	1,058
Other assets - receivables from clearing house	-	-	292	292
	<u>36,468</u>	<u>218,450</u>	<u>24,767</u>	<u>279,685</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020				
Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial liabilities</b>				
Deposits	52,805	149,953	715	203,473
Interbank and money market items	343	5,326	138	5,807
Liabilities payable on demand	-	-	1,285	1,285
Debts issued and borrowings	-	12,826	-	12,826
Lease liabilities	-	829	-	829
Securities and derivatives business				
payables - net	-	-	1,033	1,033
Accrued interest payable	-	-	736	736
Other liabilities - payables to clearing house	-	-	310	310
	<u>53,148</u>	<u>168,934</u>	<u>4,217</u>	<u>226,299</u>

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019				
Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial assets</b>				
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 <sup>(1)</sup>	25,960	207,994	10,113	244,067
Securities and derivatives business receivables - net	-	-	1,164	1,164
Other assets - receivables from clearing house	-	-	1	1
	<u>26,267</u>	<u>253,740</u>	<u>21,013</u>	<u>301,020</u>
<b>Financial liabilities</b>				
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
Accrued interest payable	-	-	1,006	1,006
Other liabilities - payables to clearing house	-	-	339	339
	<u>39,986</u>	<u>204,999</u>	<u>3,246</u>	<u>248,231</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 2020				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial assets</b>				
Interbank and money market items - net	17	-	-	17
Financial assets measured at fair value through profit or loss	-	-	890	890
Investments - net	-	206	-	206
Loans to customers	-	3,180	-	3,180
	17	3,386	890	4,293
<b>Financial liabilities</b>				
Interbank and money market items	-	3,780	-	3,780
Debts issued and borrowings	-	1,629	-	1,629
Lease liabilities	-	1	-	1
Accrued interest payable	-	-	1	1
	-	5,410	1	5,411

(Unit: Million Baht)

Separate financial statements as at 31 December 2019				
Outstanding balances of financial instruments				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial assets</b>				
Interbank and money market items - net	6	1,092	-	1,098
Investments - net	-	-	837	837
Loans to customers	-	2,210	-	2,210
	6	3,302	837	4,145
<b>Financial liabilities</b>				
Debts issued and borrowings	-	6,300	-	6,300
Accrued interest payable	-	-	17	17
	-	6,300	17	6,317

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 2020							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items - net	1	34,590	-	-	-	34,591	0.549
Investments - net	36	2,210	2,272	173	-	4,691	1.8251
Loans to customers	4,647	14,053	38,217	103,585	18,666	179,168	8.2204
	4,684	50,853	40,489	103,758	18,666	218,450	
<b>Financial liabilities</b>							
Deposits	466	84,431	64,812	244	-	149,953	1.1282
Interbank and money market items	400	1,221	392	3,313	-	5,326	1.4777
Debts issued and borrowings	37	3,949	-	2,220	6,620	12,826	3.4090
Lease liabilities	-	-	180	574	75	829	2.5040
	903	89,601	65,384	6,351	6,695	168,934	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
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
	4,494	61,202	43,353	118,705	25,986	253,740	
<b>Financial liabilities</b>							
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
	2,781	97,891	94,619	3,028	6,680	204,999	



(Unit: Million Baht)

Separate financial statements as at 31 December 2020							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b><u>Financial assets</u></b>							
Interbank and money market items - net							
Investment - net	11	-	25	170	-	206	3.3391
Loans to customers	3,180	-	-	-	-	3,180	1.7500
	<u>3,191</u>	<u>-</u>	<u>25</u>	<u>170</u>	<u>-</u>	<u>3,386</u>	
<b><u>Financial liabilities</u></b>							
Interbank and money market items	3,780	-	-	-	-	3,780	1.3970
Debts issued and borrowings	-	1,629	-	-	-	1,629	0.8439
Lease liabilities	-	-	-	1	-	1	2.3326
	<u>3,780</u>	<u>1,629</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>5,410</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		
<b>Financial assets</b>							
Interbank and money market items - net	1,092	-	-	-	-	1,092	0.7500
Loans to customers	2,210	-	-	-	-	2,210	2.0000
	3,302	-	-	-	-	3,302	
<b>Financial liabilities</b>							
Debts issued and borrowings	-	6,300	-	-	-	6,300	1.7662
	-	6,300	-	-	-	6,300	

#### 4.39.3 Liquidity risk

Liquidity risk is uncertainty that the Group 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 Group. 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'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 management and other relevant functions.

The subsidiary 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.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary 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.

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.

#### 4.39.3.1 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at 31 December	
	2020	2019
Composition of highly liquid assets		
Cash	1,216	1,099
Interbank and money market - net	36,961	44,050
Current investments - net	9,410	7,466
Total highly liquid assets <sup>(1)</sup>	47,587	52,615
Liquid asset requirement <sup>(1)</sup>	34,142	38,862

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

The subsidiary operating a banking business has an internal policy to maintain the highly liquid assets in which the highly liquid assets must be higher than the internal liquid asset requirement. As at 31 December 2020 and 2019, the subsidiary has highly liquid assets, higher than the internal liquid asset requirement. In addition, the subsidiary has operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

#### 4.39.3.2 Counting from the financial statements date, as at 31 December 2020 and 2019, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2020								
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit impaired (Non-performing)	Total
<b>Financial assets</b>								
Cash	1,220	-	-	-	-	-	-	1,220
Interbank and money market items - net	3,623	34,590	-	-	-	-	-	38,213
Financial asset measured at fair value through profit or loss	-	-	-	-	-	2,173	-	2,173
Derivatives assets	-	62	-	-	-	-	-	62
Investments - net	-	4,861	4,858	3	-	-	231	9,953
Loans to customers	4,177	15,491	42,640	124,292	34,173	-	5,941	226,714
Securities and derivatives business receivables - net	-	1,058	-	-	-	-	-	1,058
Other assets - receivables from	-	292	-	-	-	-	-	292

clearing house								
	<u>9,020</u>	<u>56,354</u>	<u>47,498</u>	<u>124,295</u>	<u>34,173</u>	<u>2,173</u>	<u>6,172</u>	<u>279,685</u>
<b>Financial liabilities</b>								
Deposits	53,986	84,431	64,812	244	-	-	-	203,473
Interbank and money market items	881	1,221	392	3,313	-	-	-	5,807
Liabilities payable on demand	1,285	-	-	-	-	-	-	1,285
Debts issued and borrowings	37	3,949	-	2,220	6,620	-	-	12,826
Lease liabilities	-	-	180	574	75	-	-	829
Securities and derivatives business payables - net	-	1,033	-	-	-	-	-	1,033
Accrued interest payable	18	459	257	2	-	-	-	736
Other liabilities - payables to clearing house	-	310	-	-	-	-	-	310
	<u>56,207</u>	<u>91,403</u>	<u>65,641</u>	<u>6,353</u>	<u>6,695</u>	<u>-</u>	<u>-</u>	<u>226,299</u>
<b>Commitments and contingent liabilities</b>								
Avals to bills and guarantees of loans	2	-	32	24	-	439	-	497
Other commitments	-	1,190	179	1,159	-	20	-	2,548

(Unit: Million Baht)

## Consolidated 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 loans	Total
<b>Financial assets</b>								
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	-	5,834	244,067
Securities and derivatives business receivables - net	-	1,164	-	-	-	-	-	1,164
Other assets - receivables from clearing house	-	1	-	-	-	-	-	1
	<u>7,406</u>	<u>67,505</u>	<u>47,104</u>	<u>136,117</u>	<u>35,687</u>	<u>1,367</u>	<u>5,834</u>	<u>301,020</u>
<b>Financial liabilities</b>								
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
Accrued interest payable	25	556	418	7	-	-	-	1,006
Other liabilities - payables to clearing house	-	339	-	-	-	-	-	339
	<u>43,872</u>	<u>99,607</u>	<u>95,037</u>	<u>3,035</u>	<u>6,680</u>	<u>-</u>	<u>-</u>	<u>248,231</u>
<b>Commitments and contingent liabilities</b>								
Avals to bills and guarantees of loans	2	1	32	21	-	426	-	482
Other commitments	-	917	90	489	-	76	-	1,572

(Unit: Million Baht)

## Separate financial statements as at 31 December 2020

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit impaired (Non- performing)	Total
<b>Financial assets</b>								
Interbank and money market items - net	17	-	-	-	-	-	-	17
Financial assets measured at fair value through profit or loss	-	-	-	-	-	890	-	890
Investments - net	-	-	-	-	-	-	206	206
Loans to customers	3,180	-	-	-	-	-	-	3,180
	<u>3,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>890</u>	<u>206</u>	<u>4,293</u>
<b>Financial liabilities</b>								
Interbank and money market items	3,780	-	-	-	-	-	-	3,780
Debts issued and borrowings	-	1,629	-	-	-	-	-	1,629
Lease liabilities	-	-	-	1	-	-	-	1
Accrued interest payable	-	1	-	-	-	-	-	1
	<u>3,780</u>	<u>1,630</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,411</u>

(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 loans	Total
<b>Financial assets</b>								
Interbank and money market items - net	1,098	-	-	-	-	-	-	1,098
Investments - net	-	-	-	-	-	837	-	837
Loans to customers	2,210	-	-	-	-	-	-	2,210
	3,308	-	-	-	-	837	-	4,145
<b>Financial liabilities</b>								
Debts issued and borrowings	-	6,300	-	-	-	-	-	6,300
Accrued interest payable	-	17	-	-	-	-	-	17
	-	6,317	-	-	-	-	-	6,317

The Company will disclose the Financial Business Group's Liquidity Coverage Ratio as of 31 December 2020 via the Company's website within April 2021.

## 4.39.4 Commodity Price Risk

This is the risk that income or capital is adversely affected by changes in commodity price. The Group has no policy to hold such position.

## 4.39.5 Derivatives

As at 31 December 2020 and 2019, the subsidiary operating a banking business has a policy to enter into foreign exchange contracts to manage the risk associated with its financial assets, and classifies them as trading derivatives measured at fair value through profit or loss, as follows:

(Unit: Million Baht)

## As at 31 December 2020

Maturity	Notional amount	Gain on measurement of fair value
2021	1,190	62

(Unit: Million Baht)

## As at 31 December 2019

Maturity	Notional amount	Gain on measurement of fair value
2020	917	22

#### 4.40 Fair value of financial instruments - Fair value hierarchy

As at 31 December 2020 and 2019, the Group has assets and liabilities that are measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2020					
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<b><u>Financial assets measured at fair value</u></b>					
<b><u>value</u></b>					
Financial assets measured at fair value through profit for loss					
Equity securities	1,227	455	-	772	1,227
Unit trusts	946	890	56	-	946
Derivatives					
Foreign exchange contracts	62	-	62	-	62
Investments - debt securities	9,953	-	9,953	-	9,953
<b><u>Assets measured at fair value</u></b>					
Investment properties	27	-	-	27	27
Office condominiums	2,425	-	-	2,425	2,425
<b><u>Financial assets for which fair value is disclosed</u></b>					
Cash	1,220	1,220	-	-	1,220
Interbank and money market items - net	38,212	3,539	34,673	-	38,212
Loans to customers and accrued interest receivables	215,944 <sup>(1)</sup>	-	52,859	168,667	221,526
Securities and derivatives business					
receivables - net	1,058	-	1,058	-	1,058
Other assets - receivables from clearing house	292	292	-	-	292
<b><u>Financial liabilities for which fair value is disclosed</u></b>					
Deposits	203,473	53,520	149,953	-	203,473
Interbank and money market items	5,808	1,125	4,683	-	5,808
Liabilities payable on demand	1,285	1,285	-	-	1,285
Debts issued and borrowings	12,826	-	12,228	-	12,228
Lease liabilities	829	-	829	-	829
Securities and derivatives business					
payables - net	1,033	-	1,033	-	1,033
Accrued interest payable	736	7	729	-	736
Other liabilities - payables to clearing house	310	310	-	-	310

(1) Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 1,056 million.

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2019					
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
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
<b><u>Assets measured at fair value</u></b>					
Investment properties	30	-	-	30	30
Office condominiums	2,456	-	-	2,456	2,456
<b><u>Financial assets for which fair value</u></b>					
<b><u>is disclosed</u></b>					
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 <sup>(2)</sup>	-	53,810	187,840	241,650
Securities and derivatives business receivables - net	1,164	-	1,164	-	1,164
Other assets - receivables from clearing house	1	1	-	-	1
<b><u>Financial liabilities for which fair value</u></b>					
<b><u>is disclosed</u></b>					
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
Accrued interest payable	1,006	8	998	-	1,006
Other liabilities - payables to clearing house	339	339	-	-	339

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

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2020					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b><u>Financial assets measured at fair value</u></b>					
Financial assets measured at fair value					
through profit or loss - unit trusts	890	890	-	-	890
Investments - debt securities	206	-	206	-	206
<b><u>Assets measured at fair value</u></b>					
Investment properties	911	-	-	911	911
Office condominiums	654	-	-	654	654
<b><u>Financial assets for which fair value</u></b>					
<b><u>is disclosed</u></b>					
Interbank and money market items - net	17	17	-	-	17
Loans to customers and accrued interest receivables	3,176	-	-	3,176	3,176
<b><u>Financial liabilities for which fair value</u></b>					
<b><u>is disclosed</u></b>					
Interbank and money market items	3,780	-	-	3,780	3,780
Debts issued and borrowings	1,629	-	1,629	-	1,629
Lease liabilities	1	-	1	-	1
Accrued interest payable	1	-	1	-	1

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2019					
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
<b><u>Financial assets measured at fair value</u></b>					
Available-for-sale investments					
Unit trusts	837	837	-	-	837
<b><u>Assets measured at fair value</u></b>					
Investment properties	955	-	-	955	955
Office condominiums	619	-	-	619	619
<b><u>Financial assets for which fair value</u></b>					
<b><u>is disclosed</u></b>					
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
<b><u>Financial liabilities for which fair value</u></b>					
<b><u>is disclosed</u></b>					
Debts issued and borrowings	6,300	-	6,300	-	6,300
Accrued interest payable	17	-	17	-	17

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



## 5. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference	Ordinary	dividend paid	payment period
		share	share	(Million Baht)	
		(Baht per share)	(Baht per share)		
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	
Interim dividends for 2019	The 2020 Meeting of the Board of Directors on 10 April 2020	7.75	7.75	6,205	May 2020
Total dividend payment in year 2020				6,205	

## 6. Reclassification

The Group has reclassified some items in the statement of financial position as at 31 December 2019 in order to correspond to the classification in the current year.

	(Unit: Thousand Baht)	
	As at 31 December 2019	
	As reclassified	As previously reported
<b>Statement of financial position</b>		
<b>Assets</b>		
Other assets	2,340,175	2,501,180
<b>Liabilities</b>		
Other liabilities	8,659,142	8,820,147

The Group does not present figures as at 1 January 2019 as comparative information because the reclassification does not significantly impact the statement of financial position.

## 7. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 11 February 2021.

