Advance Finance Public Company Limited

Interim financial statements
for the six-month period ended 30 June 2020
and
Independent Auditor's Report

KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

To the Board of Directors of Advance Finance Public Company Limited

Opinion

I have audited the interim financial statements of Advance Finance Public Company Limited (the Company), which comprise the statement of financial position as at 30 June 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim financial statements present fairly, in all material respects, the financial position of the Company as at 30 June 2020 and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Interim Financial Statements

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

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

- Identify and assess the risks of material misstatement of the interim 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 Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Thitima P.

(Thitima Pongchaiyong)
Certified Public Accountant
Registration No. 10728

KPMG Phoomchai Audit Ltd.
Bangkok
28 August 2020

Advance Finance Public Company Limited

Statement of financial position

Assets	*Note*	30 June 2020	31 December 2019
		(in Baht)	
Cash		30,000	30,000
Intercompany and money market items, net	*9*	2,474,780,174	2,983,612,012
Financial assets measured at fair value through profit or loss	*10*	180,600,000	-
Investments, net	*11*	3,183,668,448	42,650,000
Loans to customers and accrued interest receivables, net	*12, 15*	4,584,659,355	4,787,064,394
Properties for sale, net	*16*	192,242,568	169,135,280
Leasehold improvement and equipment, net	*17*	11,504,356	14,501,601
Right-of-use assets, net	*29*	2,353,424	-
Intangible assets, net	*18*	5,322,892	29,912,505
Deferred tax assets	*37*	14,511,445	9,841,798
Receivable from Legal Execution Department		36,086,150	19,932,050
Other assets	*19*	18,694,301	6,673,617
Total assets		**10,704,453,113**	**8,063,353,257**

บริษัทเงินทุน แอ๊ดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statement of financial position

Liabilities and equity	Note	30 June 2020	31 December 2019
		(in Baht)	
Liabilities			
Deposits	*20, 28*	6,325,463,562	5,735,861,808
Intercompany and money market items	*21*	1,940,787,336	730,137,449
Accrued interest payable	*28*	18,915,080	13,705,989
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency payable		6,433,241	9,984,346
Income tax payable		10,100,605	-
Provisions	*22*	24,064,709	21,636,477
Other liabilities	*23*	865,955,483	10,243,734
Total liabilities		**9,191,720,016**	**6,521,569,803**
Equity			
Share capital			
Authorised share capital			
(1,250,000,000 ordinary shares, par value at Baht 1 per share)		1,250,000,000	1,250,000,000
Issued and paid-up share capital			
(1,250,000,000 ordinary shares, par value at Baht 1 per share)		1,250,000,000	1,250,000,000
Other reserves		(18,389,081)	504,977
Retained earnings			
Appropriated			
Legal reserve	*25*	28,093,568	28,093,568
Unappropriated		253,028,610	263,184,909
Total equity		**1,512,733,097**	**1,541,783,454**
Total liabilities and equity		**10,704,453,113**	**8,063,353,257**

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

	Note	Six-month period ended 30 June 2020	2019
		(in Baht)	
Interest income	*28, 31*	198,219,012	189,729,889
Interest expense	*28, 32*	52,477,602	78,011,735
Net interest income		**145,741,410**	**111,718,154**
Fees and service income	*33*	440,501	15,449,462
Net fees and service income		**440,501**	**15,449,462**
Net loss on financial instruments measured at fair value through profit or loss	*10.2, 34*	(17,730,842)	-
Net (loss) gain on investments	*35*	(5,123,295)	157,868
Dividend income		5,698,776	3,070,939
Other operating income		1,029,846	15,354
Total operating income		**130,056,396**	**130,411,777**
Other operating expenses			
Employee expenses	*28*	43,708,263	53,023,072
Directors' remuneration	*28*	2,304,359	1,986,415
Premises and equipment expenses		10,814,112	10,305,426
Taxes and duties		6,373,559	6,276,926
Others		33,220,478	10,146,164
Total other operating expenses		**96,420,771**	**81,738,003**
Expected credit loss	*36*	280,206	-
Profit from operating before income tax expense		**33,355,419**	**48,673,774**
Income tax expense	*37*	7,333,678	9,526,572
Net profit		**26,021,741**	**39,147,202**

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statements of profit or loss and other comprehensive income

	Note	Six-month period ended 30 June 2020	2019
		(in Baht)	
Other comprehensive income (loss)			
Items that will be reclassified subsequently to profit or loss			
Losses on investments in debt instruments at fair value through other comprehensive income		(23,182,905)	-
Gains on remeasuring available-for-sale investments		-	13,308,655
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	*37*	4,742,211	(2,661,731)
		(18,440,694)	**10,646,924**
Items that will not be reclassified to profit or loss			
Gains on investments in equity instruments designated at fair value through other comprehensive income		64,516	-
Actuarial gains on defined benefit plans		-	165,111
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	*37*	(12,903)	(33,022)
		51,613	**132,089**
Total other comprehensive (loss) income, net of income tax		**(18,389,081)**	**10,779,013**
Total comprehensive income		**7,632,660**	**49,926,215**
Basic earnings per share	*38*	**0.02**	**0.03**

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Other reserves: (Losses) gains on measurement of available-for-sale investments	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Total
				(in Baht)		
Six-month period ended 30 June 2019						
Balance at 1 January 2019		**1,250,000,000**	**(5,207,787)**	**25,856,568**	**249,361,352**	**1,520,010,133**
Dividend paid	*26*	-	-	-	(25,000,000)	(25,000,000)
Net profit		-	-	-	39,147,202	39,147,202
Other comprehensive income		-	10,646,924	-	132,089	10,779,013
Total comprehensive income		**-**	**10,646,924**	**-**	**39,279,291**	**49,926,215**
Balance at 30 June 2019		**1,250,000,000**	**5,439,137**	**25,856,568**	**263,640,643**	**1,544,936,348**

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statement of changes in equity

	Note	Issued and paid-up share capital	Other reserves: Gains (losses) on measurement of available-for-sale investments	Other reserves: Losses on investments in debt instruments at fair value through other comprehensive income	Other reserves: Gains on investments in equity instruments designated at fair value through other comprehensive income	Retained earnings: Legal reserve	Retained earnings: Unappropriated	Total
					(in Baht)			
Six-month period ended 30 June 2020								
Balance at 31 December 2019 - as reported		**1,250,000,000**	**504,977**	**-**	**-**	**28,093,568**	**263,184,909**	**1,541,783,454**
Impact of changes in accounting policies	*3*	-	(504,977)	-	-	-	(11,178,040)	(11,683,017)
Balance at 1 January 2020 restated		**1,250,000,000**	**-**	**-**	**-**	**28,093,568**	**252,006,869**	**1,530,100,437**
Dividend paid	*26*	-	-	-	-	-	(25,000,000)	(25,000,000)
Net profit		-	-	-	-	-	26,021,741	26,021,741
Other comprehensive income (loss)		-	-	(18,440,694)	51,613	-	-	(18,389,081)
Total comprehensive income (loss)		**-**	**-**	**(18,440,694)**	**51,613**	**-**	**26,021,741**	**7,632,660**
Balance at 30 June 2020		**1,250,000,000**	**-**	**(18,440,694)**	**51,613**	**28,093,568**	**253,028,610**	**1,512,733,097**

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statement of cash flows

	Note	Six-month period ended 30 June 2020	2019
		(in Baht)	
Cash flows from operating activities			
Profit from operating before income tax expense		33,355,419	48,673,774
Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities			
Depreciation and amortisation	*17, 18, 29*	5,861,356	4,167,206
Expected credit loss	*36*	280,206	-
Loss from financial instruments	*10.2*	17,730,842	-
Net loss (gain) on investments	*35*	5,123,295	(157,868)
Gain on disposal of properties for sale		(316,246)	-
Loss from disposal of equipment		-	10
Loss from write-off of intangible assets		23,499,230	-
Employee benefit expense		1,659,280	6,664,403
Net interest income		(145,741,410)	(111,718,154)
Dividend income		(5,698,776)	(3,070,939)
Proceeds from interest		120,706,618	193,099,827
Interest paid		(50,760,360)	(84,541,177)
Proceeds from dividend		5,698,776	3,070,939
Income tax paid		(794,077)	(6,645,911)
Profit from operating before changes in operating assets and liabilities		10,604,153	49,542,110
(Increase) decrease in operating assets			
Intercompany and money market items		508,657,117	(23,145,851)
Loans to customers		263,794,679	537,000,319
Properties for sale		(22,791,042)	(117,424,284)
Receivable from Legal Execution Department		(16,154,100)	(9,222,100)
Other assets		(2,108,665)	(5,226,110)

The accompanying notes form an integral part of the interim financial statements.

Advance Finance Public Company Limited

Statement of cash flows

	Note	Six-month period ended 30 June 2020	2019
		(in Baht)	
Increase (decrease) in operating liabilities			
Deposits		589,601,754	(1,139,104,153)
Intercompany and money market items		1,210,649,887	(71,400,001)
Provisions for employee benefits		(660,000)	(9,151,090)
Other liabilities		(1,980,961)	12,214,102
Net cash from (used in) operating activities		**2,539,612,822**	**(775,917,058)**
Cash flows from investing activities			
Acquisition of equity instruments		(258,180,842)	(15,000,000)
Proceeds from sale of equity instruments		2,500,000	15,157,868
Acquisition of debt instruments		(3,053,769,785)	(8,800,000,000)
Proceeds from redemption of debt instruments		794,876,705	9,600,000,000
Proceeds from reduction of shares in general investment		-	3,000,000
Acquisition of equipment		(38,900)	(1,556,554)
Acquisition of intangible assets		-	(658,388)
Net cash (used in) from investing activities		**(2,514,612,822)**	**800,942,926**
Cash flows from financing activities			
Dividend paid	*26*	(25,000,000)	(25,000,000)
Net cash used in financing activities		**(25,000,000)**	**(25,000,000)**
Net increase in cash		-	**25,868**
Cash at 1 January		30,000	4,132
Cash at 30 June		**30,000**	**30,000**
Non-cash transaction			
Increase in payable from purchase of investments		853,545,203	-

The accompanying notes form an integral part of the interim financial statements.

Note	**Contents**
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Impact of COVID-19
6	Financial risk management
7	Maintenance of capital fund
8	Classification of financial assets and financial liabilities
9	Intercompany and money market items, net (assets)
10	Financial assets measured at fair value through profit or loss
11	Investments, net
12	Loans to customers and accrued interest receivables, net
13	Troubled debt restructuring
14	Classified assets
15	Allowance for expected credit loss
16	Properties for sale, net
17	Leasehold improvement and equipment, net
18	Intangible assets, net
19	Other assets
20	Deposits
21	Intercompany and money market items (liabilities)
22	Provisions
23	Other liabilities
24	Fair value of financial instruments
25	Reserves
26	Dividends
27	Contingent liabilities
28	Related parties
29	Leases
30	Segment information
31	Interest income
32	Interest expense
33	Fees and service income
34	Net loss from financial instruments measured at fair value through profit or loss
35	Net (loss) gain on investments
36	Expected credit loss
37	Income tax
38	Basic earnings per share

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 August 2020.

1 General information

Advance Finance Public Company Limited, the "Company", is incorporated in Thailand and has its registered office at 87/2, 40th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan, Bangkok.

The Company registered as a public company limited in accordance with the Public Company Limited Act B.E. 2535 on 26 May 2004 and had been approved by the Ministry of Finance on 20 December 1974. The Company engages in finance business in accordance with the Financial Institutions Business Act B.E. 2551

The Company's major shareholders as at 30 June 2020 were The Brooker Group Public Company Limited (10% shareholding), which was incorporated in Thailand, Miss Kantima Pornsriniyom (10% shareholding), Mr. Amorn Sapthaweekul (10% shareholding) and Mr. Somphote Ahunai (10% shareholding).

2 Basis of preparation of the interim financial statements

2.1 Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting* on a complete basis and the regulations of the Bank of Thailand (BoT), guidelines promulgated by the Federation of Accounting Professions. The interim financial statements are presented in accordance with the BoT notification number Sor Nor Sor 22/2561 dated 31 October 2018, regarding to *The preparation and announcement of the financial statements of a finance company and a credit foncier company* and other supplementary BoT notifications and BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 dated 28 February 2020, regarding to *The relief programs for customers affected by Thai economic situations* and BoT circular letter number Tor Por Tor For Nor Sor (01) Wor 380/2563 dated 26 March 2020, regarding to *The additional relief measures for the customers during COVID-19 pandemic situations.*

The Company has initially applied TFRS 9 *Financial Instruments* and its relevant financial instruments accounting standards including TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3.

2.2 Functional and presentation currency

The interim financial statements are presented in Thai Baht, which is the Company's functional currency.

2.3 Use of judgments and estimates

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

Judgments

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

Note 4.2.1.2, Note 4.2.15 and Note 15	Classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest (SPPI) on the principal amount outstanding. Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL) and selection and approval of models used to measure ECL.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 June 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 15	Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information
Note 22	Measurement of defined benefit obligations: key actuarial assumptions
Note 24	Measurement of the fair value of financial instruments with significant unobservable inputs

3 Changes in accounting policies

From 1 January 2020, the Company has initially applied TFRS - *Financial Instruments standards* which comprise TFRS 9 *Financial Instruments* ("TFRS 9") and relevant standards and interpretations, and TFRS 16 *Leases* ("TFRS 16").

	Note	Retained earnings	Other reserves
		(in Baht)	
At 31 December 2019 - as reported		263,184,909	504,977
Increase (decrease) due to:			
Adoption of TFRS - Financial instruments standards			
Classification of financial instruments	*3.1.1*	631,221	(631,221)
Impairment losses on financial assets and financial liabilities	*3.1.2*	(11,809,261)	-
Related tax		-	126,244
At 1 January 2020 - restated		**252,006,869**	-

3.1 TFRS - Financial instruments standards

The Company has adopted TFRS 9 *Financial Instruments* and relevant financial instruments standards using the cumulative effect, taking into account the effect of initially applying this standard only to financial instruments that were not derecognised before 1 January 2020 as an adjustment to retained earnings or other reserves at 1 January 2020. Therefore, the Company has not restated the information presented for 2019. The disclosure requirements of TFRS for interim financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities. The details of accounting policies are disclosed in note 4.

3.1.1 Classification and measurement of financial assets and financial liabilities

Under TFRS 9, financial assets are classified into three categories: measured at amortised cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVOCI). The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed. However, the Company may, at initial recognition, irrevocably designate a financial asset as measured fair value through profit or loss. TFRS 9 eliminates the previous classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105.

The following table shows the reclassification the financial assets and financial liabilities to TFRS 9 as at 1 January 2020.

	Classification under previous standards at 31 December 2019	**Classification under TFRS 9 at 1 January 2020**
Financial assets		
Cash	Amortised cost	Amortised cost
Intercompany and money market items, net	Amortised cost	Amortised cost
Financial assets measured at fair value through profit or loss	-	Fair value through profit or loss
Investments, net		
Available-for-sale equity instruments	Available-for-sale	Fair value through profit or loss
Non-marketable equity instruments	Cost	Fair value through other comprehensive income
Loans to customers and accrued interest receivables, net	Amortised cost	Amortised cost
Financial liabilities		
Deposits	Amortised cost	Amortised cost
Intercompany and money market items	Amortised cost	Amortised cost
Accrued interest payable	Amortised cost	Amortised cost

3.1.2 Impairment

TFRS 9 introduces lifetime expected credit loss (ECL) model whereas previously the Company estimates allowance for doubtful account by analysing payment histories, future expectation of customer payment and compliance with the minimum allowance for doubtful accounts required based on the BoT's guideline. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model applies to financial assets that are not measured at FVTPL consisted with financial assets that are debt instrument and loan commitment issued except for investments in equity instruments.

Impact of changes in accounting policies to the Company's financial statements as at 1 January 2020 were as follows.

	At 31 December 2019 as reported	TFRS - Financial instruments standards: New classification of financial instruments	TFRS - Financial instruments standards: Impairment losses on financial assets	TFRS 16 Leases	At 1 January 2020 as restated
			(in Baht)		
Assets					
Cash	30,000	-	-	-	30,000
Intercompany and money market items	2,983,612,012	-	-	-	2,983,612,012
Financial assets measured at fair value through profit or loss	-	40,150,000	-	-	40,150,000
Investments, net					
Available-for-sale equity instruments	40,150,000	(40,150,000)	-	-	-
Non-marketable equity instruments	2,500,000	-	-	-	2,500,000
Loans to customers and accrued interest receivables, net	4,787,064,394	-	(8,697,234)	-	4,778,367,160
Properties for sale, net	169,135,280	-	-	-	169,135,280
Leasehold improvement and equipment, net	14,501,601	-	-	-	14,501,601
Right-of-use assets, net	-	-	-	4,088,252	4,088,252
Intangible assets, net	29,912,505	-	-	-	29,912,505
Deferred tax assets	9,841,798	126,244	-	-	9,968,042
Receivable from Legal Execution Department	19,932,050	-	-	-	19,932,050
Other assets	6,673,617	-	-	-	6,673,617
Total assets	**8,063,353,257**	**126,244**	**(8,697,234)**	**4,088,252**	**8,058,870,519**
Liabilities					
Deposits	5,735,861,808	-	-	-	5,735,861,808
Intercompany and money market items	730,137,449	-	-	-	730,137,449
Accrued interest payable	13,705,989	-	-	-	13,705,989
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency Payable	9,984,346	-	-	-	9,984,346
Provisions	21,636,477	-	3,112,027	-	24,748,504
Other liabilities	10,243,734	-	-	4,088,252	14,331,986
Total liabilities	**6,521,569,803**	-	**3,112,027**	**4,088,252**	**6,528,770,082**

	At 31 December 2019 as reported	TFRS - Financial instruments standards: New classification of financial instruments	TFRS - Financial instruments standards: Impairment losses on financial assets	TFRS 16 Leases	At 1 January 2020 as restated
			(in Baht)		
Equity					
Issued and paid-up share capital	1,250,000,000	-	-	-	1,250,000,000
Other reserves	504,977	(504,977)	-	-	-
Retained earnings - legal reserve	28,093,568	-	-	-	28,093,568
Retained earnings - unappropriated	263,184,909	631,221	(11,809,261)	-	252,006,869
Total equity	**1,541,783,454**	**126,244**	**(11,809,261)**	**-**	**1,530,100,437**
Total liabilities and equity	**8,063,353,257**	**126,244**	**(8,697,234)**	**4,088,252**	**8,058,870,519**

3.2 *TFRS 16 Leases*

From 1 January 2020, the Company has initially adopted TFRS 16 *Leases* on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Company, as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Company assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Company allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Company recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Company recognised depreciation of right-of-use assets and interest expense on lease liabilities.

Impact from the adoption of TFRS 16

	(in Baht)
At 1 January 2020	
Increase in right-of-use assets	4,088,252
Increase in lease liabilities	4,088,252

Measurement of lease liability

Operating lease commitment as disclosed at 31 December 2019	9,699,456
Less service agreements	(5,758,210)
Less VAT on lease agreements	(54,600)
Additional lease liabilities at 1 January 2020	340,000
Total undiscounted lease liabilities at 1 January 2020	4,226,646
Less deferred interest expense	(138,394)
Lease liabilities recognised at 1 January 2020	**4,088,252**
Weighted-average incremental borrowing rate *(% per annum)*	2.67 - 7.00

4 Significant accounting policies

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

4.1 Cash

Cash comprises cash in hand.

4.2 Financial instruments

4.2.1 Accounting policies applicable from 1 January 2020

4.2.1.1 Recognition and initial measurement

The Company initially recognises loans to customers and deposits (including regular-way purchases and sales of financial assets) on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

4.2.1.2 Classification

On initial recognition, a financial asset is classified as measured at: amortised cost ("AMC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

A financial asset is measured at AMC if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company' s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e. g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company' s stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flow nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment,
'Principal' is defined as the fair value of the financial asset on initial recognition.
' Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Company' s claim to cash flows from specified assets (e. g. non-recourse loans); and
- features that modify consideration of the time value of money e.g. periodical reset of interest rates.

Classification of financial liabilities

The Company classifies its financial liabilities, other than loan commitments, as measured at amortised cost or FVTPL.

Reclassifications of financial assets

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

4.2.1.3 Derecognition

Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain or loss recognised in OCI in respect of investments in equity instruments designated at FVOCI is not recognised in profit or loss on derecognition of such instruments. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Company is recognised as a separate asset or liability.

Derecognition of financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

4.2.1.4 Modifications of financial assets and financial liabilities

Modifications of financial assets

If the terms of a financial asset are modified, then the Company evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Company plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Company first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modifications of financial liabilities

The Company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

4.2.1.5 Impairment of financial assets

The Company recognises loss allowances for expected credit losses (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- contract assets; and
- loan commitments issued.

No impairment loss is recognised on investments in equity instruments.

Measurement of ECL

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset or undrawn commitment.

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Forward-looking macro-economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP growth rates, interest rates and housing price indices. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Company is exposed to credit risk, except in the case of certain revolving facilities for which a behavioral life is estimated.

The estimation of expected cash shortfalls on collateralised financial instruments reflects the expected amount and timing of cash flows from foreclosure of the collateral less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is deemed probable or not.

Cash shortfalls are discounted using the initial effective interest rate of these financial instruments.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive.

In order to assess the expected credit loss, models are developed based on historical repayment, default information and other information indicating default risk behavior.

In case that the models cannot captured the risk, the management overlay principle, covering industry, model and other risks, will be applied.

Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

Stage 1: Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Stage 2: Financial assets have a SICR

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Stage 3: Lifetime ECL credit-impaired

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying amount of the financial assets prior to any credit impairments.

Improvement in credit risk

For financial assets within Stage 2, these can only be transferred to Stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to Stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to Stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to Stage 1. This includes instances where management actions led to instruments being classified as Stage 2, requiring that action to be resolved before loans are reclassified to Stage 1.

Financial asset that is in Stage 3 will move back to Stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired.

Loss allowances for ECL are presented in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments: generally, as a provision; and
- financial assets measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, expected credit loss is recognised in profit or loss.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised see note 4.2.1.3 and ECL are measured as follows.

- If the expected restructuring will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. Gross carrying amount of modified financial asset is recalculated using the original effective interest rate of the existing financial asset.

Write-offs of credit-impaired instruments and reversal of impairment

To the extent a financial instrument is considered irrecoverable, the applicable portion of the gross carrying amount is written off against the related loan impairment. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined.

If, in a subsequent period, the amount of the credit impairment loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, such as an improvement in the debtor's credit rating, the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

4.2.2 Accounting policies applicable before 1 January 2020

4.2.2.1 Investments

The Company classifies its investment in securities as trading securities, available-for-sale securities, held-to-maturity securities and general investment. The Company presents these investments in the statement of financial position as investments.

Debt securities and marketable equity securities that management acquires with the intention of holding for a short period of time in order to take advantage of anticipated changes in the underlying market values, are classified as trading securities are stated at fair value. Changes in fair value are recognised in profit or loss as gain on trading. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments are stated at fair value, with the valuation surplus or deficit on investments presented as a component of total equity until realised upon disposition or sale of the underlying securities. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less impairment losses, if any. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are classified as general investments and are stated at cost, less impairment losses, if any.

The fair value of financial instruments for trading securities and available-for-sale securities are determined as the quoted bid price at the reporting date.

Valuation allowances are established and recognised in profit or loss, when impairment in the value of investments has occurred.

Reversal of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

4.2.2.2 Loans to customers

Loans to customers are stated exclusive of accrued interest receivables.

4.2.2.3 Allowance for doubtful accounts

The Company provides allowance for doubtful account in accordance with the BoT's notifications based on an evaluation of the current status of each customer, taking into consideration the recovery risk and the value of collateral.

Minimum requirement of allowance for doubtful accounts is determined based on the BoT's notification dated 10 June 2016, "Classification and allowance criteria of the financial institution". The Company classified their loan portfolios into six categories, primarily based on the non-accrual period. For loans classified as pass and special-mention, the calculation of allowance for doubtful accounts is based on the BoT's minimum percentage requirement, taking into consideration the collateral value, where the collateral type and date of the latest appraisal are qualifying factors. For loans classified as sub-standard, doubtful and doubtful of loss, the allowance on these accounts will be set at 100 percent for the difference between the outstanding book value of the debt and the present value of future cash flows expected to be received or the expected proceeds from the disposal of collateral in accordance with the BoT's regulations. The discount interest rate and the period of collateral disposal are set with reference to BoT's notifications.

In addition, the Company set up allowance for doubtful accounts in regard to Possible Impaired Loan. The allowance is based on a rate of 1.2% of performing loans, except in case where analysis of historic payment patterns indicates a different rate for particular categories of customer.

Any additional allowance for doubtful accounts is charged to bad debt and doubtful accounts in profit or loss.

The Company writes-off bad debts against the allowance for doubtful accounts for the uncollectible amounts.

Bad debt recovery is recognised as income and presented net of bad debt and doubtful accounts in profit or loss.

4.2.2.4 Troubled debt restructuring

The Company records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard No. 104 (revised 2016) *Accounting for Troubled Debt Restructuring.* If an repayment of debt is received through the transfer of property, financial instruments, or equity in the debtor is received as a result of a debt to equity swap, the Company records the assets received at their fair value net of estimated disposal expenses not exceeding the carrying value of debt and unearned interest to which the Company is legally entitled. Losses arising from differences between the carrying value of debt and the fair value of the assets are recorded in profit or loss, taking into account existing allowance for doubtful accounts.

Where restructuring a loan involves modification of its terms, the Company will record the loss arising from the calculation of the present value of the future cash flows expected to be received from those customers by using the Minimum Loan Rate (MLR) at the time of restructuring in discounting. The difference between the present value of the future cash flows expected to be received and the outstanding balances of loans is recorded as a loss from restructuring in profit or loss.

Losses from troubled debt restructuring arising from reductions of principal and accrued interest of overdue debt amount and the various methods of debt restructuring as modification of its terms, transfer of assets etc. are recognised as expense in profit or loss.

4.3 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Company enters into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Intercompany and money market items, net (assets)" in the statement of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Intercompany and money market items (liabilities)" in the statement of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

4.4 Properties for sale

Properties for sale are stated at the lower of fair value at the acquisition date or the amount of the legal claim on the related debt, including interest receivables. The fair value is estimated by using the latest appraisal value after deduction of estimated disposal expenses. The assets bought from Legal Execution Department's public auction are recognised at purchase price plus transfer costs, less expected direct selling expenses.

Loss on impairment is charged to profit or loss. Gain or loss on disposal of properties for sale are recognised as other operating income or expense upon disposal.

4.5 Leasehold improvement and equipment

Recognition and measurement

Owned assets

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

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

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

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

Subsequent costs

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

Depreciation

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

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

Leasehold improvement	5 years
Computer and equipment	5 years
Furniture and fixtures	5 years
Vehicles	5 years

No depreciation is provided on assets under installation.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.6 Intangible assets

Intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for software licenses in the current period and comparative year are 5 years.

No amortisation is provided on assets under installation.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.7 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.8 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

4.9 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.10 Measurement of fair values

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4.11 Interest

4.11.1 Accounting policies applicable from 1 January 2020

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the AMC of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit loss.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayment, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the AMC of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

However, for financial asset that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

4.11.2 Accounting policies applicable before 1 January 2020

Interest income and discount income from loans to customers

Interest income on loans is recognised over term of the loans based on the amount of principal outstanding. Interest and discount income on loans are generally recognised on an accrual basis. In accordance with the BoT's regulations, interest in arrears for more than 3 months, regardless of whether the loans are covered by collateral, are not accrued but is instead recognised as income on a cash basis.

The Company has reversed accrued interest income on loans which have been recognised as income, for interest in arrears more than 3 months, in accordance with the BoT's regulations.

Interest income and dividend income on investments

Interest income on investment is recognised on an accrual basis. Dividend income is recognised in profit or loss on the date the Company's right to receive payments is established.

4.12 Fees and service income

4.12.1 Accounting policies applicable from 1 January 2020

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

4.12.2 Accounting policies applicable before 1 January 2020

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

4.13 Dividend income

Dividend income is recognised in profit or loss on the date the Company's right to receive income is established. Net income from other financial instruments at FVTPL or other income based on the underlying classification of the equity instrument.

From 1 January 2020, dividends on equity instruments designated at FVOCI that clearly represent a recovery of part of the cost of the investments are presented in OCI.

4.14 Contributions to Deposit Protection Agency

Contributions to the Deposit Protection Agency are recorded as expenses on an accrual basis.

4.15 Loan commitments

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from loan commitments are included within provisions.

4.16 Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.
In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

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

4.17 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the number of ordinary shares outstanding.

4.18 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Company; a person or entity that are under common control or under the same significant influence as the Company; or the Company has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

4.19 Segment reporting

Segment results that are reported to the Board of Directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4.20 Leases

4.20.1 Accounting policies applicable from 1 January 2020

At inception of a contract, the Company assesses whether a contract is, or contains, a lease.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of leasehold improvement and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company incremental borrowing rate and subsequently at AMC using the effective interest method. The lease payments included fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee.

The lease liability is remeasured when there is a modification, change in lease term, change in lease payments, change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of purchase, extension or termination options. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

4.20.2 Accounting policies applicable before 1 January 2020

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

5 Impact of COVID-19

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand, BoT has issued a series of measures, covering payment moratoriums, government guarantees as well as a loan payment holiday to get bank help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. In relation to financial reporting, key concerns are on the application of forward-looking information and pro-cyclicality effect from applying TFRS 9 ECL provisioning concept. The BoT in collaboration with TFAC announced some guidelines to be applied under these 2-year period of 2020 and 2021, highlighted:

- Non-NPL modified loans (pre-emptive restructures) can be classified as Stage 1 performing immediately once they are identified via well screening process for likely to pay borrowers, or else they remain at the stage before entering into relief programs;
- NPL modified loans (trouble debt restructures) can be classified as Stage 1 performing only if they adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer;
- As a result of unprecedented circumstance, forward-looking information can be put less weight than historical payment in ECL provisioning.

Regarding the impacts on the Company's performance in times of both microeconomic and macroeconomic downturn, the Company's ECL still reflect fair position through closely monitoring, well-calibrated model.

In addition, BoT announced to temporarily reduce the rate of contribution from financial institutions to the FIDF submission rate from 0.46% to 0.23% per year which is effective from 1 January 2020 to 31 December 2021. The reduced rate has been reflected in the financial statements with effect from 1 January 2020.

6 Financial risk management

Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue derivatives for speculative or trading purposes.

Risk Management is an important basis for financial institution business. The purpose of risk management is to enable the Company to manage and maintain risk management at the target and acceptable level in accordance with the rules of the BoT and corporate governance.

Risk Oversight Committee is in-charge of managing overall risks of the Company by planning, reviewing and monitoring risk management strategies to maintain a balance between risks and return. Principally, the Company's risk management strategies consist of (1) risk identification, (2) risk assessment, (3) risk monitoring, (4) risk control in order to manage risks at a proper level in accordance with good governance. Other consolidating committees, e.g. Asset and Liability Management Committee (ALCO), Credit Committee, Debt Restructuring Committee and Operational Risk Working Group were also formed to be responsible for each specific risk to ensure the Company's risk management efficiency.

6.1 Credit risk

Credit risk refers to the risk that a borrower and/or a counterparty may default on its contractual repayment and agreements or identified commitment. It arises principally from granting loans.

Credit policies/Framework

Under credit risk management policies and framework, the Company monitors and controls credit risk by implementing appropriate risk analysis processes for credit transaction according to types of credit. Credit Risk Management Department under Credit Risk Group which is an independent department is responsible to identify and assess risk relating to aforementioned credit transaction. The Company sets up Credit Committee, an authority assigned for credit decision, credit limit approval or contractual obligation and appropriate return and interest rate. The Credit Committee also control the credit risk by diversifying such risk to each corporate and retail customers under the specified risk ceiling and monitor credit quality of loans to be in accordance with the Company's policies.

For the "loans" item shown in the statement of financial position, the Company's maximum credit loss is the carrying amount of net loans after deduction of applicable allowance for losses without considering the value of collateral. In addition, credit risk may arise from off-financial reporting items relating to other guarantees.

Credit approval process

In the credit approval process, the Company prudently focuses on the customer's ability to repay by considering loan objectives and stipulate to obtain sufficient and appropriate collateral as a means of mitigating the risk of financial losses from default. The Company also has processes for regularly reviewing customers' credit including credit quality control to minimise non-performing loan. For non-performing loans (NPL), the Company has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the Company.

Credit review process

The Company has established Credit Review unit, an independent unit from Lending department , Debt Restructuring department and Appraisal department, where the responsibility is to perform individual credit reviews to ensure that the credit process approval, credit monitoring, debt restructuring and classification and provision process are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

6.1.1 Credit quality analysis

The following tables set out information about the credit quality as at 30 June 2020 of financial assets measured at amortised cost without taking into account collateral or other credit enhancement. The description of Stage 1-3 are disclosed in note 4.

	30 June 2020			
	Stage 1	Stage 2	Stage 3	Total
	(in Baht)			
Loans to customers				
Gross carrying amount				
Stage 1	3,078,072,195	-	-	3,078,072,195
Stage 2	-	238,546,088	-	238,546,088
Stage 3	-	-	1,410,868,512	1,410,868,512
Less allowance for expected credit loss	(29,877,564)	(7,848,970)	(105,100,906)	(142,827,440)
Carrying amount	**3,048,194,631**	**230,697,118**	**1,305,767,606**	**4,584,659,355**

The following table sets out the credit quality of investments in debt instruments measured at FVOCI as at 30 June 2020. The analysis has been based on Fitch Ratings (Thailand) Limited and Tris Rating Co., Ltd. which provide same credit rating.

	30 June 2020			
	Stage 1	Stage 2	Stage 3	Total
	(in Baht)			
Government bonds				
Rated BBB+	2,669,249,557	-	-	2,669,249,557
Corporate bonds				
Rated AA- to AA+	110,983,401	-	-	110,983,401
Rated A- to A+	303,370,974	-	-	303,370,974

6.1.2 Collateral held and other credit enhancements

Beside from consideration of ability to repay, the Company also focus on types and value of collateral pledged a guarantee for the loans to alleviate loss to the Company in the case of default. Movable or immovable collaterals' appraisal value are reviewed in accordance with the Company's policies and requirement by the Bank of Thailand. Type of collaterals consist of certificated deposit, marketable equity instruments, immovable property, vehicles and machines etc. The Company sets a frequency for reviewing the value of each type of collateral by using independent appraisers who are qualified as professionals and have appropriate experience and approved by the Securities and Exchange Commission to be an appraiser. The appraisal report contains a clear and sufficient information and analysis for the price determination of the Asset Appraisal Committee of the Company.

The following table sets out the principal types of collateral held against different types of financial assets as at 30 June 2020.

Type of credit expense	*Note*	**30 June 2020** *(in Baht)*	**Type of collateral held**
Loans to customers and accrued interest receivables	*12*		
- Loans to retail customers		364,970,794	Land, land and buildings, residential property and certificates of deposit
- Loans to corporate customers		4,362,516,001	Land, land and buildings, residential property, shares, machines, vehicles and certificates of deposit
Investments in debt instruments		-	None

Residential mortgage lending

The following tables stratify credit exposures from mortgage lending to retail customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of loan to customers to the value of the collateral. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral. The value of collateral is based on the most recent appraisals.

	30 June 2020 *(in Baht)*
LTV ratio	
Stage 1 and stage 2	
Less than 50%	62,526,503
51-70%	170,982,286
More than 70%	58,576,559
Total	**292,085,348**
Credit-impaired loans	
Less than 50%	2,611,354
51-70%	26,712,943
More than 70%	22,914,512
Total	**52,238,809**

Loans to corporate customers

The Company mainly focus on consideration of the ability to repay for corporate customers to be in accordance with loan objectives and obtain sufficient collateral or other securities, where appropriate. To reduce potential credit risks, the pledged collaterals may be borrower's own asset, related individual of borrower's asset or related company of borrower's asset. Collaterals pledged for corporate lending for which loans are provided comprise of both movable and immovable property. The Company sets a frequency for reviewing the value of each type of collateral. For machines and vehicles, the collateral value is monthly adjusted with depreciation.

The table below sets out the carrying amount and the value of identifiable held against loans to corporate customers and the value of pledged collaterals.

	30 June 2020	
	Carrying amount	Collateral*
	(in Baht)	
Stage 1 and Stage 2	2,981,375,514	4,425,381,978
Stage 3	1,262,591,456	1,801,022,160

* The value of disclosed collateral is capped at the nominal amount of the loan that it is held against.

6.1.3 Information related to ECL

Significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience which are segmented by customer group as follows:

Corporate customers
- Debt repayment status and debt covenants
- Data obtained during credit review process including audited financial statements, estimated operational performance and business trend, significant operational financial data such as gross profit margin, financial leverage ratios, ability to repay, debt covenants and any amendment in management structure.
- Data from credit reference agencies, news, press articles and changes in external credit ratings

Retail customers
- Debt repayment status
- Indicators on observed liquidity issues which may affect income and ability to repay
- Frequency of amendment to repayment conditions which indicates the lessen of ability to repay

Default

In assessing whether a borrower is in default, the Company considers the following indicators:

<u>Quantitative indicators</u>
- the borrower has an overdue of principal and/or interest more than 90 days or 3 months past due in an earlier of on any material credit obligation or on the date of call by the Company, including the borrower's credit facility is cancelled or is at maturity date and the borrower fails to repay principal and/or interest more than 90 days or 3 month from an earlier of the date of credit facility cancellation or at the maturity date.

<u>Qualitative indicators</u>
- the collateral tends to be unable to enforce for entire claim or the claiming right is lower than the existing debt burden.
- the borrower is in the process of debt rehabilitation process.
- the borrower has misuse of loans or under cease of its operation.
- the borrower intentionally delays debt repayment or contractual obligations.
- the borrower is not cooperative and cannot be contacted without a valid reason.

Credit risk grade

In determining credit risk grade, the Company considers both quantitative and qualitative indicators of each individual borrower based on available information about the borrower and debt repayment status monitoring. The Company classified credit risk in 3 stages based on changes in credit risk since initial recognition.

Concentrations of credit risk

The Company monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk from loans to customers, investments in debt instruments and loan commitments is shown as below.

	30 June 2020		
	Loans to customers	Investments in debt instruments	Loan commitments
		(in Baht)	
Gross amount	4,727,486,795	-	-
Investments in debt instruments	-	3,083,603,932	-
Loan commitments	-	-	334,325,838
Concentration by sector			
Corporate			
Manufacturing and commerce	957,420,511	-	35,500,000
Property development and construction	2,721,708,584	-	298,825,838
Infrastructure and services	683,386,906	213,576,435	-
Retail			
Housing loans	346,764,435	-	-
Secured personal loans	18,206,359	-	-
Government	-	2,669,249,557	-
Financial institutions	-	200,777,940	-

6.2 *Liquidity risk*

Liquidity risk reters to the risk that the Company may not be able to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Company.

The Company closely monitors and manages its liquidity to meet the market condition by monitoring its investment diversification and customers' deposit behavior to conform to the lending maturity profile by using Liquidity Gap Analysis and Liquidity Stress Test, and also setting limits for Liquidity Risk Tolerance. The Company mainly invests its excess liquidity in highly liquid assets in order to prepare for customers' deposit withdrawal in both normal and crisis situations.

As at 30 June 2020 and 31 December 2019, significant financial assets and liabilities were classified by remaining periods to maturity as follows:

	30 June 2020							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
				(in Baht)				
Financial assets								
Intercompany and money market items*	54,791,239	2,420,000,000	-	-	-	-	-	2,474,719,239
Financial assets measured at FVTPL	-	-	-	-	-	180,600,000	-	180,600,000
Investments, net	-	-	-	200,777,940	2,882,825,992	100,064,516	-	3,183,668,448
Loans to customers	-	132,801,889	847,571,957	1,912,070,060	408,043,142	-	1,353,475,176	4,653,962,224
Accrued interest receivables	-	1,877,040	14,249,988	-	-	-	57,397,543	73,524,571
Total	**54,791,239**	**2,554,678,929**	**861,821,945**	**2,112,848,000**	**3,290,869,134**	**280,664,516**	**1,410,872,719**	**10,566,546,482**
Financial liabilities								
Deposits	-	983,539,002	2,619,872,391	2,722,052,169	-	-	-	6,325,463,562
Intercompany and money market items	-	1,329,000,000	502,387,336	109,400,000	-	-	-	1,940,787,336
Total	**-**	**2,312,539,002**	**3,122,259,727**	**2,831,452,169**	**-**	**-**	**-**	**8,266,250,898**

* Before deducting allowance for expected credit loss amounting to Baht 11,065

	31 December 2019							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-accrual	Total
				(in Baht)				
Financial assets								
Intercompany and money market items	111,612,012	2,872,000,000	-	-	-	-	-	2,983,612,012
Investments, net	-	-	-	-	-	42,650,000	-	42,650,000
Loans to customers	-	137,425,824	929,045,586	1,997,995,915	407,433,055	-	1,445,856,523	4,917,756,903
Accrued interest receivables	-	2,013,632	-	-	-	-	-	2,013,632
Total	**111,612,012**	**3,011,439,456**	**929,045,586**	**1,997,995,915**	**407,433,055**	**42,650,000**	**1,445,856,523**	**7,946,032,547**
Financial liabilities								
Deposits	-	2,939,599,178	2,312,150,931	484,111,699	-	-	-	5,735,861,808
Intercompany and money market items	-	422,700,000	79,300,000	228,137,449	-	-	-	730,137,449
Total	**-**	**3,362,299,178**	**2,391,450,931**	**712,249,148**	**-**	**-**	**-**	**6,465,999,257**

6.3 *Market risk*

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Company's assets and liabilities.

6.3.1 *Interest rate risk*

Interest rate risk is the risk from future movements in market interest rates that will have impact to the Company's operating results and cash flows.

The Company has managed interest rate risk which results from a change in interest rate of assets and liabilities that may impact to the Company's net interest income by using an Interest Rate Gap Model to ensure that any possible effects are at the acceptable level in accordance with the interest rate risk management policy of the Company.

As at 30 June 2020 and 31 December 2019, significant financial assets and liabilities classified by type of interest rate were as follows:

	30 June 2020			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		(in Baht)		
Financial assets				
Intercompany and money market items*	37,742,261	2,420,000,000	17,048,978	2,474,791,239
Financial assets measured at FVTPL	-	-	180,600,000	180,600,000
Investments, net	-	3,083,603,932	100,064,516	3,183,668,448
Loans to customers	4,652,107,434	1,854,790	-	4,653,962,224
Total	**4,689,849,695**	**5,505,458,722**	**297,713,494**	**10,493,021,911**
Financial liabilities				
Deposits	-	6,325,463,562	-	6,325,463,562
Intercompany and money market items	-	1,940,787,336	-	1,940,787,336
Total	**-**	**8,266,250,898**	**-**	**8,266,250,898**

* Before deducting allowance for expected credit loss amounting to Baht 11,065

	31 December 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
		(in Baht)		
Financial assets				
Intercompany and money market items	50,340,607	2,872,000,000	61,271,405	2,983,612,012
Investments, net	-	-	42,650,000	42,650,000
Loans to customers*	3,470,882,084	1,018,296	-	3,471,900,380
Total	**3,521,222,691**	**2,873,018,296**	**103,921,405**	**6,498,162,392**
Financial liabilities				
Deposits	-	5,735,861,808	-	5,735,861,808
Intercompany and money market items	-	730,137,449	-	730,137,449
Total	**-**	**6,465,999,257**	**-**	**6,465,999,257**

* Excluding non-accrual loans

As at 30 June 2020 and 31 December 2019, significant financial assets and liabilities classified by interest repricing were as follows:

	30 June 2020						
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-Performing Loans	Non-interest bearing	Total
				(in Baht)			
Financial assets							
Intercompany and money market items*	2,457,742,261	-	-	-	-	17,048,978	2,474,791,239
Financial assets measured at FVTPL				-	-	180,600,000	180,600,000
Investments, net	-	-	200,777,940	2,882,825,992	-	100,064,516	3,183,668,448
Loans to customers	3,300,487,048	-	-	-	1,353,475,176	-	4,653,962,224
Accrued interest receivables	-	-	-	-	-	73,524,571	73,524,571
Total	**5,758,229,309**	**-**	**200,777,940**	**2,882,825,992**	**1,353,475,176**	**371,238,065**	**10,566,546,482**
Financial liabilities							
Deposits	983,539,002	2,619,872,391	2,722,052,169	-	-	-	6,325,463,562
Intercompany and money market items	1,329,000,000	502,387,336	109,400,000	-	-	-	1,940,787,336
Total	**2,312,539,002**	**3,122,259,727**	**2,831,452,169**	**-**	**-**	**-**	**8,266,250,898**

* Before deducting allowance for expected credit loss amounting to Baht 11,065

	31 December 2019						
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Non-interest bearing	Non-accrual	Total
				(in Baht)			
Financial assets							
Intercompany and money market items	2,922,340,607	-	-	-	61,271,405	-	2,983,612,012
Investments, net	-	-	-	-	42,650,000	-	42,650,000
Loans to customers	3,471,080,063	615,821	204,496	-	-	1,445,856,523	4,917,756,903
Accrued interest receivables	-	-	-	-	2,013,632	-	2,013,632
Total	**6,393,420,670**	**615,821**	**204,496**	**-**	**105,935,037**	**1,445,856,523**	**7,946,032,547**
Financial liabilities							
Deposits	2,939,599,178	2,312,150,931	484,111,699	-	-	-	5,735,861,808
Intercompany and money market items	422,700,000	79,300,000	228,137,449	-	-	-	730,137,449
Total	**3,362,299,178**	**2,391,450,931**	**712,249,148**	**-**	**-**	**-**	**6,465,999,257**

The Company's average interest-bearing financial assets and liabilities, together with the average interest rate were as follows:

	30 June 2020			30 June 2019		
	Average balance	Interest	Average interest rate	Average balance	Interest	Average interest rate
	(in Baht)		*(%)*	*(in Baht)*		*(%)*
Intercompany and money market items (assets)	1,252,797,516	1,454,023	0.23	874,811,318	4,914,634	1.12
Investments, net	1,698,522,880	12,456,600	1.47	920,853,649	5,973,284	1.30
Loans to customers	4,695,240,444	184,308,389	7.85	5,052,456,860	178,841,971	7.08
Deposits	5,118,560,274	46,913,940	1.83	5,114,410,347	75,701,394	2.96
Intercompany and money market items (liabilities)	1,123,951,637	5,504,406	0.98	156,223,050	2,310,341	2.96

6.3.2 Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

As at 30 June 2020 and 31 December 2019, the Company had no material financial instruments in foreign currencies.

6.3.3 Equity risk

Equity risk is any risk that arises from changes in the price of equities or common stock that may cause volatility in the earnings or fluctuations in the value of the financial assets.

The equity portfolio of the Company is managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and Treasury and Investment Department. All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of fundamental value, dividend yield and market risk. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

7 Maintenance of capital fund

The Company maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies and conditions prescribed by the Bank of Thailand. As announced by the BoT's notification dated 10 January 2017 and Sor Nor Sor 12/2562 dated 7 May 2019, regarding to *Guideline for maintenance of capital fund and liquidity reserve requirement for finance company*, the Company is required to calculate its Capital Fund in accordance with Basel III as follows:

	30 June 2020	31 December 2019
	(in Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	1,250,000,000	1,250,000,000
Legal reserve	28,093,568	25,856,568
Net gain after appropriations	227,006,869	224,493,441
Other reserves	(18,389,081)	504,977
Others	9,841,051	-
Capital deduction items on CET1	(19,834,337)	(39,754,303)
Total Tier 1 capital	**1,476,718,070**	**1,461,100,683**
Tier 2 capital		
General provision (2019: Allowance for classified assets of "normal" category)	-	74,686,486
Total Tier 2 capital	-	**74,686,486**
Total capital funds	**1,476,718,070**	**1,535,787,169**
Total risk-weighted assets	**6,496,969,163**	**6,408,105,068**

	The BoT's regulation minimum requirement*	30 June 2020	The BoT's regulation minimum requirement	31 December 2019
		(%)		
Total capital funds / Total risk-weighted assets	10.375	22.73	9.75	23.97
Total Tier 1 capital / Total risk-weighted assets	7.875	22.73	7.25	22.80
Total CET1 / Total risk-weighted assets	6.375	22.73	5.75	22.80
Total Tier 2 capital / Total risk-weighted assets	-	-	-	1.17

* Conservation buffer requires additional CET1 of 0.625% per annum from 1 January 2018 onwards until reaching 2.50% in 2021.

As at 30 June 2020 and 31 December 2019, the Company had no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the BoT notification number Sor Nor Sor 5/2556 dated 2 May 2013 regarding to *Disclosures Requirement on Capital Adequacy for a Financial Group* and the BoT notification number Sor Nor Sor 15/2562 dated 7 May 2019, regarding to *Disclosure Requirement on Capital Adequacy for a Financial Group (Volumn 2)* were as follows:

Location of disclosure	The Company's website under Investor Relations section at http://www.advancefin.com
Disclosure period requirement	Within 4 months after the period ended as indicated in the BoT notification
Latest information as at	31 December 2019

The disclosure for the six-month period ended 30 June 2020 will be provided on or before 31 October 2020 on the Company's website as noted above.

Capital management

The Board of Directors' policy is to maintain an adequate level of capital to support growth strategies within an acceptable risk framework, and to meet Bank of Thailand regulatory requirements to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Company defines as result from operating activities divided by total equity, and also monitors the dividends to ordinary shareholders.

8 Classification of financial assets and financial liabilities

	30 June 2020				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
			(in Baht)		
Financial assets					
Cash	-	-	-	30,000	30,000
Intercompany and money market items, net	-	-	-	2,474,780,174	2,474,780,174
Financial assets measured at FVTPL	180,600,000	-	-	-	180,600,000
Investments, net	-	3,083,603,932	100,064,516	-	3,183,668,448
Loans to customers and accrued interest receivables, net	-	-	-	4,584,659,355	4,584,659,355
Total	**180,600,000**	**3,083,603,932**	**100,064,516**	**7,059,469,529**	**10,423,737,977**
Financial liabilities					
Deposits	-	-	-	6,325,463,562	6,325,463,562
Intercompany and money market items	-	-	-	1,940,787,336	1,940,787,336
Total	-	-	-	**8,266,250,898**	**8,266,250,898**

9 Intercompany and money market items, net (assets)

	30 June 2020	31 December 2019
	(in Baht)	
Domestic		
Bank of Thailand	4,593,909	32,080,155
Commercial banks	50,165,004	91,335,875
Specialised financial institutions*	2,420,000,000	2,860,000,000
Total	**2,474,758,913**	**2,983,416,030**
Add accrued interest receivables and undue interest income	32,326	195,982
Less allowance for expected credit loss	(11,065)	-
Total	**2,474,780,174**	**2,983,612,012**

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Cooperatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand, Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

10 Financial assets measured at fair value through profit or loss

10.1 Classification of financial assets

	30 June 2020 Fair value *(in Baht)*
Domestic marketable equity instruments	180,600,000
Total	**180,600,000**

10.2 Movement of financial assets

Six-month period ended 30 June	2020 *(in Baht)*
As at 1 January	40,150,000
Purchases during the period	158,180,842
Loss on measurement of investments	(17,730,842)
As at 30 June	**180,600,000**

11 Investments, net

11.1 Classification of investments

	30 June 2020 Fair value *(in Baht)*
Investments in debt instruments measured at fair value through other comprehensive income	
Government bonds and state enterprise securities	2,669,249,557
Corporate debt instruments	414,354,375
Total	**3,083,603,932**
Allowance for expected credit loss	**528,150**

	30 June 2020 Fair value *(in Baht)*
Investments in equity instruments designated at fair value through other comprehensive income	
Domestic marketable equity instruments	100,064,516
Total	**100,064,516**
Total	**3,183,668,448**

	31 December 2019 Fair value *(in Baht)*
Available-for-sale investments	
Domestic marketable equity securities	40,150,000
Total	**40,150,000**
	Cost *(in Baht)*
General investments	
Domestic non-marketable equity securities	10,320,000
Less allowance for impairment	(7,820,000)
Total	**2,500,000**
Total investments, net	**42,650,000**

11.2 Movement of investments

Six-month period ended 30 June	2020 *(in Baht)*
As at 1 January	2,500,000
Purchases during the period	4,007,314,988
Disposals during the period	(802,500,000)
Loss on measurement of investments	(23,646,540)
As at 30 June	**3,183,668,448**

Six-month period ended 30 June	2019	
	Available-for-sale investments	Held-to-maturity securities
	(in Baht)	
As at 1 January	132,937,366	799,877,546
Purchases during the period	15,000,000	8,800,000,000
Disposals during the period	(15,000,000)	(9,600,000,000)
Premium	-	122,454
Gain on measurement of investments	13,308,655	-
As at 30 June	**146,246,021**	**-**

12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	30 June 2020	31 December 2019
	(in Baht)	
Loans	4,653,962,224	4,917,756,903
Add accrued interest receivables and undue interest income	73,524,571	2,013,632
Total loans to customers and accrued interest receivables	**4,727,486,795**	**4,919,770,535**
Less allowance for expected credit loss *(2019: allowance for doubtful accounts)*	(142,827,440)	(132,706,141)
Total loans to customers and accrued interest receivables, net	**4,584,659,355**	**4,787,064,394**

As at 31 December 2019, the Company had non-accrual loans, gross, based on the accrual basis of Baht 1,446 million.

12.2 Classified by currency and residence of customer

As at 30 June 2020 and 31 December 2019, loans to customers were domestic and denominated entirely in Thai Baht.

12.3 Classified by stages

	30 June 2020
	(in Baht)
Performing	3,078,072,195
Under-performing	238,546,088
Non-performing	1,410,868,512
Total	**4,727,486,795**

	31 December 2019			
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts*	% used for setting the allowance	Allowance for doubtful accounts
	(in Baht)		*(%)*	*(in Baht)*
Minimum allowance of BoT regulations				
- Normal	3,447,913,034	270,169,325	1	2,701,693
- Special mention	13,060,174	-	2	-
- Sub-standard	208,999,720	435,943	100	435,943
- Doubtful	65,784,345	-	100	-
- Doubtful of loss	1,184,013,262	36,019,386	100	36,019,386
Total	**4,919,770,535**	**306,624,654**		**39,157,022**
Allowance established in excess of BoT regulations				93,549,119**
Total				**132,706,141**

* Net amount used to set the allowance for doubtful accounts means total outstanding excluded accrued interest receivables after deduction of collateral value (for normal and special mention), or total outstanding after deduction of the present value of future cash flows expected to be received from debt repayment, or the expected proceeds from the disposal of collateral (for sub-standard, doubtful and doubtful of loss).

** Allowance established in excess of BoT regulations was recorded in regard to Possible Impaired Loan.

12.4 Classified by business type and stages

	30 June 2020			
	Performing	Under-performing	Non-performing	Total*
	(in Baht)			
Manufacturing and commerce	729,509,862	44,366,584	176,778,365	950,654,811
Property development and construction	1,606,561,008	163,212,320	903,272,764	2,673,046,092
Infrastructure and services	447,191,624	-	220,618,785	667,810,409
Housing loans	265,370,702	26,714,646	52,238,809	344,324,157
Secured personal loans	17,113,267	447,035	566,453	18,126,755
Total	**3,065,746,463**	**234,740,585**	**1,353,475,176**	**4,653,962,224**

* Excluding accrued interest receivables and undue interest income

	31 December 2019					
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total*
	(in Baht)					
Manufacturing and commerce	847,403,785	-	-	60,155,923	176,778,365	1,084,338,073
Property development and construction	1,867,357,458	-	187,309,605	-	752,247,975	2,806,915,038
Infrastructure and services	422,239,397	-	9,665,252	-	210,953,533	642,858,182
Housing loans	289,373,461	12,802,977	11,933,593	5,628,422	43,466,936	363,205,389
Secured personal loans	19,704,311	169,457	-	-	566,453	20,440,221
Total	**3,446,078,412**	**12,972,434**	**208,908,450**	**65,784,345**	**1,184,013,262**	**4,917,756,903**

* Excluding accrued interest receivables

12.5 Non-Performing Loans

	30 June 2020	31 December 2019
<u>Non-Performing Loans, gross</u>		
Non-Performing Loans, gross *(in Baht)*	1,353,475,176	1,458,706,057
Ratio of Non-Performing Loans, gross to total loans *(%)*	19.13	18.75
<u>Non-Performing Loans, net</u>		
Non-Performing Loans, net *(in Baht)*	1,248,374,269	1,422,250,728
Ratio of Non-Performing Loans, net to total loans *(%)*	17.91	18.37

13 Troubled debt restructuring

During the six-month periods ended 30 June 2020 and 2019, there was no loss from troubled debt restructuring.

As at 30 June 2020 and 31 December 2019, there was no outstanding balance of the Company's restructured debtors.

14 Classified assets

	30 June 2020			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
		(in Baht)		
Performing	3,078,072,195	3,083,603,932	-	6,161,676,127
Under-performing	238,546,088	-	-	238,546,088
Non-performing	1,410,868,512	7,820,000	184,873	1,418,873,385
Total	**4,727,486,795**	**3,091,423,932**	**184,873**	**7,819,095,600**

	31 December 2019			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
		(in Baht)		
Normal	3,447,913,034	-	-	3,447,913,034
Special mention	13,060,174	-	-	13,060,174
Sub-standard	208,999,720	-	-	208,999,720
Doubtful	65,784,345	-	-	65,784,345
Doubtful of loss	1,184,013,262	7,820,000	184,873	1,192,018,135
Total	**4,919,770,535**	**7,820,000**	**184,873**	**4,927,775,408**

15 Allowance for expected credit loss

Movements of allowance for expected credit loss for the six-month period ended 30 June 2020 are as follows:

	12-month ECL	Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	Total
			(in Baht)	
Intercompany and money market items				
As at 1 January 2020	-	-	-	-
Changes from remeasurement of ECL	11,065	-	-	11,065
As at 30 June 2020	**11,065**	-	-	**11,065**
Investments in debt instruments				
As at 1 January 2020	-	-	-	-
Purchased or acquired	528,150	-	-	528,150
As at 30 June 2020	**528,150**	-	-	**528,150**
Loans to customers				
As at 1 January 2020	17,364,135	7,180,433	116,858,807	141,403,375
Changes from stage reclassification	5,743,337	(742,532)	(5,000,805)	-
Changes from remeasurement of ECL	6,778,889	1,411,069	3,252,940	11,442,898
Purchased or acquired	645,999	-	-	645,999
Derecognition	(654,797)	-	(10,010,035)	(10,664,832)
As at 30 June 2020	**29,877,563**	**7,848,970**	**105,100,907**	**142,827,440**
Loan commitments				
As at 1 January 2020	3,112,027	-	-	3,112,027
Changes from remeasurement of ECL	(1,683,075)	-	-	(1,683,075)
As at 30 June 2020	**1,428,952**	-	-	**1,428,952**

Movements of allowance for doubtful accounts for the year ended 31 December 2019 were as follows:

	31 December 2019						
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
				(in Baht)			
As at 1 January 2019	**3,022,488**	**-**	**1,220,767**	**2,059,985**	**61,776,429**	**98,819,347**	**166,899,016**
Doubtful accounts (reversal)	(320,795)	-	(784,824)	(2,059,985)	36,514,545	(5,270,228)	28,078,713
Write-off bad debts	-	-	-	-	(62,271,588)	-	(62,271,588)
As at 31 December 2019	**2,701,693**	**-**	**435,943**	**-**	**36,019,386**	**93,549,119**	**132,706,141**

16 Properties for sale, net

	30 June 2020			
	Beginning balance	Additions	Disposals	Ending balance
		(in Baht)		
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	169,320,153	29,241,042	(6,133,754)	192,427,441
Less allowance for impairment	(184,873)	-	-	(184,873)
Total properties for sale, net	**169,135,280**	**29,241,042**	**(6,133,754)**	**192,242,568**

	31 December 2019			
	Beginning balance	Additions	Disposals	Ending balance
		(in Baht)		
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	87,078,329	129,896,767	(47,654,943)	169,320,153
Less allowance for impairment	(184,873)	-	-	(184,873)
Total properties for sale, net	**86,893,456**	**129,896,767**	**(47,654,943)**	**169,135,280**

17 Leasehold improvement and equipment, net

	Leasehold improvement	Computer and equipment	Furniture and fixtures	Vehicles	Total
			(in Baht)		
Cost					
At 1 January 2019	20,379,832	19,203,944	108,514	19,321,860	59,014,150
Additions	59,336	3,633,191	25,388	4,041,400	7,759,315
Disposals	(110,079)	(1,998,084)	(9,513)	(2,520,000)	(4,637,676)
At 31 December 2019 and 1 January 2020	**20,329,089**	**20,839,051**	**124,389**	**20,843,260**	**62,135,789**
Additions	9,000	29,900	-	-	38,900
At 30 June 2020	**20,338,089**	**20,868,951**	**124,389**	**20,843,260**	**62,174,689**
Accumulated depreciation					
At 1 January 2019	16,934,496	13,581,031	79,193	15,132,725	45,727,445
Depreciation charge for the year	2,353,506	1,985,220	12,537	2,191,419	6,542,682
Disposals	(110,078)	(1,996,351)	(9,512)	(2,519,998)	(4,635,939)
At 31 December 2019 and 1 January 2020	**19,177,924**	**13,569,900**	**82,218**	**14,804,146**	**47,634,188**
Depreciation charge for the period	601,393	1,128,473	7,317	1,298,962	3,036,145
At 30 June 2020	**19,779,317**	**14,698,373**	**89,535**	**16,103,108**	**50,670,333**
Net book value					
At 31 December 2019	**1,151,165**	**7,269,151**	**42,171**	**6,039,114**	**14,501,601**
At 30 June 2020	**558,772**	**6,170,578**	**34,854**	**4,740,152**	**11,504,356**

The gross amount of the Company's fully depreciated leasehold improvement and equipment that was still in use as at 30 June 2020 amounted to Baht 42.5 million *(31 December 2019: Baht 24.0 million)*.

18 Intangible assets, net

	Software licenses	Intangible assets under installation	Total
		(in Baht)	
Cost			
At 1 January 2019	18,954,081	22,163,842	41,117,923
Additions	411,080	1,584,746	1,995,826
Transfer in (out)	249,358	(249,358)	-
Adjustments	(29,462)	-	(29,462)
At 31 December 2019 and 1 January 2020	**19,585,057**	**23,499,230**	**43,084,287**
Write-off	-	(23,499,230)	(23,499,230)
At 30 June 2020	**19,585,057**	-	**19,585,057**
Accumulated amortisation			
At 1 January 2019	10,989,347	-	10,989,347
Amortisation charge for the year	2,182,435	-	2,182,435
At 31 December 2019 and 1 January 2020	**13,171,782**	-	**13,171,782**
Amortisation charge for the period	1,090,383	-	1,090,383
At 30 June 2020	**14,262,165**	-	**14,262,165**
Net book value			
At 31 December 2019	**6,413,275**	**23,499,230**	**29,912,505**
At 30 June 2020	**5,322,892**	-	**5,322,892**

The gross amount of the Company's fully amortisation intangible assets that was still in use as at 30 June 2020 amounted to Baht 8.7 million *(31 December 2019: Baht 8.6 million).*

19 Other assets

	30 June 2020	31 December 2019
	(in Baht)	
Prepaid income tax	6,613,802	2,866,893
Deposits	2,663,918	2,590,122
Prepaid expenses	2,762,227	1,137,172
Accrued interest receivables	6,165,111	-
Other receivables	6,334	33,430
Others	482,909	46,000
Total	**18,694,301**	**6,673,617**

20 Deposits

20.1 Classified by type of deposit

	30 June 2020	31 December 2019
	(in Baht)	
Certificates of deposit	6,325,463,562	5,735,861,808
Total	**6,325,463,562**	**5,735,861,808**

20.2 Classified by currency and residence of customer

As at 30 June 2020 and 31 December 2019, deposits were domestic and denominated entirely in Thai Baht.

21 Intercompany and money market items (liabilities)

	30 June 2020	31 December 2019
	(in Baht)	
Domestic		
Bank of Thailand	92,000,000	-
Commercial banks	500,000,000	-
Specialised financial institutions*	500,000,000	100,000,000
Other financial institutions **	848,787,336	630,137,449
Total	**1,940,787,336**	**730,137,449**

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Cooperatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand, Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

** Other financial institutions represent financial institutions other than the above, such as Finance companies, Securities companies, Credit fancier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited.

22 Provisions

	30 June 2020	31 December 2019
	(in Baht)	
Allowance for expected credit loss for loan commitments	1,428,952	-
Employee benefits obligation	22,635,757	21,636,477
Total	**24,064,709**	**21,636,477**

Employee benefits obligation

Defined benefit plan

The Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations

	30 June 2020	31 December 2019
	(in Baht)	
Beginning balance	21,636,477	25,297,293
Include in profit or loss:		
Current service cost	1,511,776	4,664,948
Past service cost	-	3,998,051
Interest on obligation	147,504	667,755
	1,659,280	**9,330,754**
Include in other comprehensive income (loss)		
Actuarial gain (loss)		
- Demographic assumptions	-	(1,965,497)
- Financial assumptions	-	1,379,371
- Experience adjustment	-	5,164,298
	-	**4,578,172**
Benefit paid	(660,000)	(17,569,742)
	(660,000)	**(17,569,742)**
Ending balance	**22,635,757**	**21,636,477**

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Company has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

Principal actuarial assumptions

	30 June 2020	31 December 2019
	(%)	
Discount rate	1.5	1.5
Future salary growth	5.0	5.0
Long-term inflation rate	2.75	2.75

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

Sensitivity analysis

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

Effect to the defined benefit obligation	Increase in assumption		Decrease in assumption	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
	(in Baht)			
Discount rate (1% movement)	(1,460,293)	(1,395,827)	1,644,582	1,571,980
Future salary growth (1% movement)	1,570,608	1,501,272	(1,427,134)	(1,364,132)
Employee turnover rate (20% movement)	(1,091,563)	(1,043,375)	1,237,850	1,183,204
Future mortality (20% movement)	(170,551)	(163,022)	172,391	164,781

23 Other liabilities

	Note	30 June 2020	31 December 2019
		(in Baht)	
Payable from purchase of investments		853,545,203	-
Accrued expenses		3,781,519	5,418,412
Other payables		2,547,055	2,126,999
Lease liabilities	*29*	2,375,185	-
Withholding tax payable		1,193,389	1,119,022
Specific business tax and value added tax payable		1,001,305	978,607
Payable from Legal Executive Department		405,400	469,000
Others		1,106,427	131,694
Total		**865,955,483**	**10,243,734**

24 Fair value of financial instruments

24.1 Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised in the statement of financial position.

	30 June 2020		
	Fair value		
	Level 1	Level 2	Total
		(in Baht)	
Financial assets			
Financial assets measured at fair value through profit or loss	180,600,000	-	180,600,000
Investments in debt instruments measured at fair value through other comprehensive income	-	3,083,603,932	3,083,603,932
Investments in equity instruments designated at fair value through other comprehensive income	-	100,064,516	100,064,516
Total financial assets	**180,600,000**	**3,183,668,448**	**3,364,268,448**

	31 December 2019		
	Fair value		
	Level 1	Level 2	Total
		(in Baht)	
Financial assets			
Available-for-sale investments	-	40,150,000	40,150,000
Total financial assets	-	**40,150,000**	**40,150,000**

24.2 *Financial instruments not measured at fair*

Fair value of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities					
Deposits	6,325,463,562	-	6,328,923,749	-	6,328,923,749
Intercompany and money market items	1,940,787,336	-	1,941,593,764	-	1,941,593,764

	31 December 2019				
	Carrying amount	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities					
Deposits	5,735,861,808	-	5,743,406,674	-	5,743,406,674
Intercompany and money market items	730,137,449	-	730,446,383	-	730,446,383

The following methods and assumptions were used by the Company in estimating fair value of financial instruments as disclosed herein.

Intercompany and money market items (assets)

The fair value is approximated based on the carrying amount of intercompany and money market items, except for the fair value of fixed rate item which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

Financial assets measured at fair value through profit or loss and investments

The fair value of investments in government-sector debt instruments is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt instruments issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors.

The fair value of marketable equity instruments is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date. The fair value of non-marketable equity instruments is determined mainly based on common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

Deposits and intercompany and money market items (liabilities)

Fair values of deposits and intercompany and money market items with term and fixed interest rates are estimated using discounted cash flow analyses based on current interest rates for similar types of deposit arrangements.

25 Reserves

Legal reserve

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

Other reserves

The fair value changes in investments measured at fair value through other comprehensive income *(2019: the fair value changes in available-for-sale investments account)*

The fair value changes in investments measured at fair value through other comprehensive income which are shown in equity, comprise the net change in the fair value of investments measured at fair value through other comprehensive income until the derecognition.

26 Dividends

The shareholders approved the appropriation of dividend as follows:

	Approval date	Payment schedule	Dividend rate per share	Amount
			(in Baht)	
2020				
Annual dividend	27 April 2020	18 May 2020	0.02	25,000,000
2019				
Annual dividend	24 April 2019	13 May 2019	0.02	25,000,000

27 Contingent liabilities

	30 June 2020	31 December 2019
	(in Baht)	
Other contingencies		
- Other guarantee	33,968,419	33,968,419
- Committed line	334,325,838	610,256,399
Total	**368,294,257**	**644,224,818**

28 Related parties

Other related parties that the Company had significant transactions with during the period were as follows:

Name of entity/personnel	Country of incorporation/ nationality	Nature of relationships
Energy Absolute PCL	Thai	Entities in which the directors, management of their families have significant influence
KTM Capital Land Co., Ltd.	Thai	Entities in which the directors, management of their families have significant influence
Land Prosperity Holding Co., Ltd.	Thai	Entities in which the directors, management of their families have significant influence
Key management personnel	Thai	Persons having authority and responsibility for planning, directly and controlling the activities of the Company, directly or indirectly, including any director of the Company (whether executive or otherwise)

Directors of the Company have the ability, directly or indirectly, to control or joint control or exercise significant influence over the Company until 23 August 2019, is the following entity:

- Don Muang Tollway PCL

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Interest rate of loans	Based on market rate
Interest rate on deposits	Based on market rate

Interest rate and other pricing for key management personnel and other related parties are at the same rate as in the normal course of business with the same business conditions as general customers.

Significant transactions for the six-month periods ended 30 June 2020 and 2019 with related parties were as follows:

Six-month period ended 30 June	2020	2019
	(in Baht)	
Entities in which the directors, management of their families have significant influence		
Interest income	-	129,751
Interest expenses	3,039,271	593,761
Key management personnel		
Interest expenses	60,415	104,441

Significant balances with related parties as at 30 June 2020 and 31 December 2019 were as follows:

	30 June 2020	31 December 2019
	(in Baht)	
Entities in which the directors, management of their families have significant influence		
Deposits	1,477,000,000	1,700,000,000
Accrued interest payables	2,243,107	283,562
Key management personnel		
Deposits	6,876,184	6,570,779
Accrued interest payables	37,480	15,819

The Company has not paid other benefits to executive directors and key management personnel, except for the benefits that are normally paid such as salary, bonus and post-employment benefits etc.

Six-month period ended 30 June	2020	2019
	(in Baht)	
Short-term employee benefits	12,523,377	32,189,576
Post-employment benefits	718,436	2,054,754
Total	**13,241,813**	**34,244,330**

Directors who have no position in executive level of the Company only receive an annual remuneration and allowances.

Six-month period ended 30 June	2020	2019
	(in Baht)	
Directors' remuneration	2,304,359	1,986,415
Total	**2,304,359**	**1,986,415**

29 Leases

The Company leases a number of office premises and office equipment for a period of 1-4 years with an option to renew the lease after maturity date. Lease payment is specified in the contract.

Right-of-use assets	Office premises	Office equipment	Total
		(in Baht)	
At 1 January 2020	3,394,364	693,888	4,088,252
Depreciation charge for the period	(1,630,745)	(104,083)	(1,734,828)
At 30 June 2020	**1,763,619**	**589,805**	**2,353,424**

Lease liabilities	30 June 2020 (*in Baht*)
Maturity analysis - contractual undiscounted cash flows	
Less than 1 year	1,966,270
1-5 years	463,000
Total undiscounted lease liabilities	**2,429,270**
Lease liabilities included in the statement of financial position	**2,375,185**

	31 December 2019 (*in Baht*)
Future minimum lease payments	
Less than 1 year	9,115,236
1-5 years	584,220
Total	**9,699,456**

Six-month period ended 30 June	2020	2019
	(*in Baht*)	
Amount recognised in profit or loss		
Lease expense	59,256	1,559,767
Total	**59,256**	**1,559,767**

30 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 Board of Directors.

Finance business is the main business segment of the Company which management considers that there is only one segment and when taking into consideration the business location of the Company, there is only one geographical segment as the business operates only in Thailand. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

31 Interest income

Six-month period ended 30 June	2020	2019
	(*in Baht*)	
Intercompany and money market items	1,454,023	4,914,634
Investments in debt instruments	12,456,600	5,973,284
Loans	184,308,389	178,841,971
Total	**198,219,012**	**189,729,889**

32 Interest expense

Six-month period ended 30 June	2020	2019
	(*in Baht*)	
Deposits	40,480,699	63,217,913
Intercompany and money market items	5,504,406	2,310,341
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	6,433,241	12,483,481
Others	59,256	-
Total	**52,477,602**	**78,011,735**

33 Fees and service income

Six-month period ended 30 June	2020	2019
	(in Baht)	
Acceptances, avals and guarantees	62,213	276,453
Financial consulting fee	75,000	10,340,000
Fees on loans	303,288	4,833,009
Total	**440,501**	**15,449,462**

34 Net loss from financial instruments measured at fair value through profit or loss

Six-month period ended 30 June	2020
	(in Baht)
Domestic marketable equity instruments	(17,730,842)
Total	**(17,730,842)**

35 Net (loss) gain on investments

Six-month period ended 30 June	2020
	(in Baht)
Loss on disposal of investments measured at fair value through other comprehensive income	(5,123,295)
Total	**(5,123,295)**

Six-month period ended 30 June	2019
	(in Baht)
Gain on disposal of available for sale investments	157,868
Total	**157,868**

36 Expected credit loss

Six-month period ended 30 June	2020
	(in Baht)
Intercompany and money market items	11,065
Investment in debt instruments measured at FVOCI	528,150
Loans to customers and accrued interest receivables	1,424,066
Loan commitments	(1,683,075)
Total	**280,206**

37 Income tax

Income tax recognised in profit or loss

Six-month period ended 30 June	2020	2019
	(in Baht)	
Current tax expense		
Current period	7,147,773	9,029,235
	7,147,773	**9,029,235**
Deferred tax expense		
Movements in temporary differences	185,905	497,337
	185,905	**497,337**
Total income tax expense	**7,333,678**	**9,526,572**

Income tax recognised in other comprehensive income

Six-month period ended 30 June	2020			2019		
	Before tax	Tax income	Net of tax	Before tax	Tax expense	Net of tax
			(in Baht)			
Investments	(23,118,389)	4,729,308	(18,389,081)	13,308,655	(2,661,731)	10,646,924
Defined benefit plans	-	-	-	165,111	(33,022)	132,089
Total	**(23,118,389)**	**4,729,308**	**(18,389,081)**	**13,473,766**	**(2,694,753)**	**10,779,013**

Reconciliation of effective tax rate

Six-month period ended 30 June	2020		2019	
	Rate (%)	*(in Baht)*	Rate (%)	*(in Baht)*
Profit before income tax expense		33,355,419		48,673,774
Income tax using the Thai Corporation tax rate	20.0	6,671,084	20.0	9,734,755
Income tax reduction - deferred		1,086,941		-
Income not subject to tax		(569,878)		(307,094)
Expense not deductible for tax purposes		145,531		98,911
Total	**22.0**	**7,333,678**	**19.6**	**9,526,572**

Deferred tax

	30 June 2020	31 December 2019
	(in Baht)	
Deferred tax assets	14,511,445	9,841,798
Deferred tax liabilities	-	-
Net	**14,511,445**	**9,841,798**

	At 1 January 2020	(Charged) / Credited to: Profit or loss	Other comprehensive income	At 30 June 2020
		(in Baht)		
Deferred tax assets				
Allowance for impairment of general investment	1,564,000	-	-	1,564,000
Loss on remeasurement investments*	-	3,546,168	4,729,308	8,275,476
Allowance for expected credit loss	4,039,773	(3,931,930)	-	107,843
Allowance for impairment of properties for sale	36,975	-	-	36,975
Provisions for employee benefits	4,327,294	199,857	-	4,527,151
Total	**9,968,042**	**(185,905)**	**4,729,308**	**14,511,445**

* The balance at 1 January 2020 includes the impact of initially applying TFRS - financial instruments standards *(Note 3)*

	At 1 January 2019	(Charged) / Credited to: Profit or loss	Other comprehensive income	At 30 June 2019
		(in Baht)		
Deferred tax assets				
Allowance for impairment of general investment	1,564,000	-	-	1,564,000
Gain (loss) on remeasurement available-for-sale investments	1,301,947	-	(2,661,731)	(1,539,784)
Allowance for doubtful accounts	4,039,773	-	-	4,039,773
Allowance for impairment of properties for sale	36,975	-	-	36,975
Provisions for employee benefits	5,059,457	(497,337)	(33,022)	4,529,098
Total	**12,002,152**	**(497,337)**	**(2,694,753)**	**8,810,062**

38 Basic earnings per share

Six-month period ended 30 June	2020	2019
	(in Baht / shares)	
Profit attributable to ordinary shareholders of the Company (basic)	26,021,741	39,147,202
Number of ordinary shares outstanding	1,250,000,000	1,250,000,000
Basic earnings per share (basic)	**0.02**	**0.03**