

TISCO Financial Group Public Company Limited
and its subsidiary companies
Review report and interim financial information
30 September 2020

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Financial Group Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of TISCO Financial Group Public Company Limited and its subsidiaries as at 30 September 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of TISCO Financial Group Public Company Limited for the same periods (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations.



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Emphasis of Matter

I draw attention to Note 1.4 and Note 1.5 a) to the interim consolidated financial statements regarding the COVID-19 pandemic which is impacting various businesses and industries. This situation could create uncertainties and may be impacting the operating results and cash flows in the future; and due to the impact of the COVID-19 situation, the Group has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy as issued by the Federation of Accounting Professions in preparing the interim financial information. My conclusion is not modified in respect of this matter.

A handwritten signature in black ink, appearing to read 'Somjai Khunapasut', with a stylized flourish at the end.

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 12 November 2020

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2020

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Assets					
Cash	1,040,894	1,102,557	70	70	
Interbank and money market items - net	4.3, 4.10	36,852,220	45,300,141	46,157	1,098,459
Financial assets measured at fair value through profit or loss	4.4	1,945,019	-	864,783	-
Derivatives assets	4.5	198	21,907	-	-
Investments - net	4.6, 4.10	12,036,384	9,363,032	205,964	836,827
Investments in subsidiaries and joint venture - net	4.7	836,290	813,602	20,069,143	20,069,135
Loans to customers and accrued interest receivables	4.8, 4.10				
Loans to customers		244,904,582	263,569,157	3,060,000	2,210,000
Accrued interest receivables and undue interest income		1,871,447	1,240,929	-	-
Total loans to customers and accrued interest receivables		246,776,029	264,810,086	3,060,000	2,210,000
Less: Deferred revenue		(20,004,934)	(20,743,017)	-	-
Less: Allowance for expected credit loss	4.9	(11,605,344)	-	(3,978)	-
Less: Allowance for doubtful accounts	4.9	-	(10,709,365)	-	-
Less: Allowance for loss on debt restructuring	4.9	-	(7,343)	-	-
Loans to customers and accrued interest receivables - net		215,165,751	233,350,361	3,056,022	2,210,000
Properties foreclosed - net		57,055	18,429	-	-
Investment properties		30,304	30,304	935,175	955,266
Premises and equipment - net	4.11	2,934,246	2,984,152	800,088	800,379
Right-of-use assets - net	4.12	937,727	-	949	-
Intangible assets - net		240,128	329,460	106,420	124,209
Deferred tax assets	4.31	925,538	1,324,904	186,161	146,763
Securities and derivatives business receivables - net		747,656	1,164,066	-	-
Dividend receivable from subsidiaries		-	-	-	5,877,944
Other assets	4.13	2,199,708	2,340,175	206,566	196,712
Total assets		275,949,118	298,143,090	26,477,498	32,315,764

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)	
Liabilities and equity					
Liabilities					
Deposits	4.14	204,755,969	216,084,551	-	-
Interbank and money market items		5,595,553	4,656,133	1,970,000	-
Liabilities payable on demand		357,709	306,867	-	-
Debts issued and borrowings	4.15	14,246,919	25,016,919	3,300,000	6,300,000
Lease liabilities	4.16	878,510	-	957	-
Provisions	4.17	1,647,150	1,485,868	288,814	265,897
Securities and derivatives business payables - net		832,850	820,545	-	-
Accrued interest payable		854,552	1,005,621	23,471	17,045
Income tax payable		338,008	911,330	8,608	9,380
Other liabilities	4.18	8,596,921	8,659,142	1,636,191	1,449,497
Total liabilities		238,104,141	258,946,976	7,228,041	8,041,819

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

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Equity				
Share capital				
Registered				
	339	339	339	339
33,858 preference shares of Baht 10 each				
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	8,007,033	8,007,033	8,007,033	8,007,033
Issued and paid-up				
	99	99	99	99
9,859 preference shares of Baht 10 each				
800,645,624 ordinary shares of Baht 10 each	8,006,456	8,006,456	8,006,456	8,006,456
	8,006,555	8,006,555	8,006,555	8,006,555
Share premium				
	-	-	87	87
Share premium on preference shares				
Share premium on ordinary shares	1,018,408	1,018,408	7,031,436	7,031,436
	1,018,408	1,018,408	7,031,523	7,031,523
Other components of equity				
	1,834,079	1,810,936	304,592	348,081
Retained earnings				
	801,000	801,000	801,000	801,000
Appropriated - statutory reserve				
Unappropriated	26,181,641	27,556,084	3,105,787	8,086,786
Equity attributable to equity holders of the Company				
	37,841,683	39,192,983	19,249,457	24,273,945
Non-controlling interest of the subsidiaries				
	3,294	3,131	-	-
Total equity				
	37,844,977	39,196,114	19,249,457	24,273,945
Total liabilities and equity				
	275,949,118	298,143,090	26,477,498	32,315,764

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



Mr. Suthas Ruangmanamongkol
(Group Chief Executive)



บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited



Mr. Sakchai Peechapat
(Chief Operating Officer)

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 30 September 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Interest income	4.21	4,082,266	4,376,674	15,267	14,127
Interest expenses	4.22	(829,917)	(1,266,143)	(22,504)	(28,041)
Net interest income		3,252,349	3,110,531	(7,237)	(13,914)
Fee and service income		1,343,777	1,560,559	-	-
Fee and service expenses		(63,853)	(69,569)	(5,197)	(3,992)
Net fee and service income	4.23	1,279,924	1,490,990	(5,197)	(3,992)
Net gain on financial instruments measured at fair value through profit or loss	4.24	58,792	-	25,951	-
Net gain (loss) on trading and foreign exchange transactions	4.25	-	3,940	-	(5,133)
Net gain on investments	4.26	3,550	4,217	-	-
Share of profit (loss) from investment accounted for under equity method	4.7	(1,930)	26,219	-	-
Dividend income		20,213	23,016	-	-
Penalty fee income from loans		54,220	76,616	-	-
Intercompany supporting fee income	4.34	-	-	535,851	538,156
Other operating income	4.27	28,685	27,660	19,531	20,926
Total operating income		4,695,803	4,763,189	568,899	536,043
Operating expenses					
Employee expenses		1,408,564	1,578,798	302,004	246,092
Directors' remuneration		4,170	4,330	4,170	4,330
Premises and equipment expenses		313,517	332,638	150,195	153,186
Taxes and duties		65,500	73,772	5	12
Other operating expenses	4.28	290,231	313,082	20,245	22,277
Total operating expenses		2,081,982	2,302,620	476,619	425,897
Bad debts, doubtful accounts and impairment loss	4.29	-	125,126	-	-
Expected credit loss (reversal)	4.30	604,951	-	(611)	-
Profit from operations before income tax expenses		2,008,870	2,335,443	92,891	110,146
Income tax expenses	4.31	397,233	459,320	19,083	22,594
Profit for the period		1,611,637	1,876,123	73,808	87,552

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)**

For the three-month period ended 30 September 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:	4.32				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(9,740)	-	-	-
Loss on valuation of available-for-sale investments		-	(48,555)	-	(16,543)
Share of other comprehensive income of joint venture -					
Cash flow hedges of joint venture (loss)	4.7	(5,650)	578	-	-
Income tax effects		1,948	9,711	-	3,309
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(13,442)	(38,266)	-	(13,234)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(251)	-	-	-
Income tax effects		50	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(201)	-	-	-
Other comprehensive income for the period (loss)		(13,643)	(38,266)	-	(13,234)
Total comprehensive income for the period		1,597,994	1,837,857	73,808	74,318
Profits attributable to					
Equity holders of the Company	4.33	1,611,530	1,877,741	73,808	87,552
Non-controlling interests		107	(1,618)		
		1,611,637	1,876,123		
Total comprehensive income attributable to					
Equity holders of the Company		1,597,887	1,839,475	73,808	74,318
Non-controlling interests		107	(1,618)		
		1,597,994	1,837,857		
Earnings per share of equity holders of the Company					
Basic earnings per share (Baht per share)	4.33	2.01	2.35	0.09	0.11

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income****For the nine-month period ended 30 September 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Interest income	4.21	12,756,985	13,146,376	48,115	48,149
Interest expenses	4.22	(2,918,524)	(3,825,908)	(52,394)	(60,177)
Net interest income		9,838,461	9,320,468	(4,279)	(12,028)
Fee and service income		3,984,595	4,545,839	-	-
Fee and service expenses		(220,494)	(207,438)	(12,876)	(12,469)
Net fee and service income	4.23	3,764,101	4,338,401	(12,876)	(12,469)
Net gain on financial instruments measured at fair value through profit or loss	4.24	31,406	-	27,956	-
Net loss on trading and foreign exchange transactions	4.25	-	(33,240)	-	(50,060)
Net gain on investments	4.26	8,989	4,780	-	-
Share of profit (loss) from investment accounted for under equity method	4.7	30,942	(5,686)	-	-
Dividend income	4.7	54,373	63,267	976,740	-
Penalty fee income from loans		169,471	226,358	-	-
Intercompany supporting fee income	4.34	-	-	1,608,549	1,666,081
Other operating income	4.27	72,389	85,047	60,045	63,647
Total operating income		13,970,132	13,999,395	2,656,135	1,655,171
Operating expenses					
Employee expenses		3,900,941	4,784,549	719,695	774,012
Directors' remuneration		12,970	13,605	12,970	13,605
Premises and equipment expenses		956,853	968,878	462,592	453,075
Taxes and duties		212,955	221,122	2,237	2,295
Other operating expenses	4.28	807,996	903,821	54,430	85,259
Total operating expenses		5,891,715	6,891,975	1,251,924	1,328,246
Bad debts, doubtful accounts and impairment loss	4.29	-	370,872	-	-
Expected credit loss	4.30	2,559,950	-	168,163	-
Profit from operations before income tax expenses		5,518,467	6,736,548	1,236,048	326,925
Income tax expenses	4.31	1,091,162	1,328,201	48,976	60,457
Profit for the period		4,427,305	5,408,347	1,187,072	266,468

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Statement of comprehensive income (continued)****For the nine-month period ended 30 September 2020**

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Other comprehensive income:	4.32				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(2,183)	-	(1,536)	-
Gain on valuation of available-for-sale investments		-	42,323	-	62,269
Share of other comprehensive income of joint venture -					
Cash flow hedges of joint venture (loss)	4.7	(8,253)	1,421	-	-
Income tax effects		437	(8,465)	307	(12,454)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(9,999)	35,279	(1,229)	49,815
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss		(10,104)	(178,686)	(6,758)	(10,365)
Income tax effects		2,003	35,610	1,352	2,073
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(8,101)	(143,076)	(5,406)	(8,292)
Other comprehensive income for the period (loss)		(18,100)	(107,797)	(6,635)	41,523
Total comprehensive income for the period		4,409,205	5,300,550	1,180,437	307,991
Profits attributable to					
Equity holders of the Company	4.33	4,427,011	5,405,492	1,187,072	266,468
Non-controlling interests		294	2,855		
		4,427,305	5,408,347		
Total comprehensive income attributable to					
Equity holders of the Company		4,408,911	5,297,815	1,180,437	307,991
Non-controlling interests		294	2,735		
		4,409,205	5,300,550		
Earnings per share of equity holders of the Company					
Basic earnings per share (Baht per share)	4.33	5.53	6.75	1.48	0.33

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flow statement****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit from operations before income tax	5,518,467	6,736,548	1,236,048	326,925
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	493,672	287,603	94,703	111,017
Expected credit loss	3,880,923	-	168,163	-
Bad debts and doubtful accounts	-	1,768,174	-	-
Share of (profit) loss from investment accounted for under equity method	(30,942)	5,686	-	-
Allowance for impairment of investments	-	4,774	-	-
Reversal of allowance for impairment of properties foreclosed	(9)	(10,887)	-	-
Gain on disposal of investments in securities	(8,989)	(10,464)	-	-
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(66,544)	44,738	(40,702)	50,060
Loss on financial instruments measured at fair value through profit or loss	16,985	-	12,746	-
Gain on disposal of equipment and intangible assets	(2,107)	(2,894)	(316)	(830)
Loss on written-off of equipment and intangible assets	1,678	510	248	55
Gain on disposal of properties foreclosed	(24,381)	(36,845)	-	-
Employee benefit expenses	172,128	328,758	19,389	63,658
(Increase) decrease in accrued income	224,748	(110,282)	(7,360)	(1,616)
Increase in accrued expenses	344,859	1,270,042	263,641	294,080
Net interest income	(9,838,461)	(9,320,468)	4,279	12,028
Dividend income	(54,373)	(63,267)	(976,740)	-
Cash received on interest income	11,858,437	12,834,545	48,223	48,133
Cash paid on interest expenses	(2,649,007)	(2,847,147)	(45,952)	(48,155)
Cash received on dividend income	54,103	63,267	6,854,683	5,258,642
Cash received on income tax	-	18,967	-	-
Cash paid on income tax	(1,503,892)	(1,772,260)	(87,368)	(70,429)
Profit from operating activities before changes in operating assets and liabilities	8,387,295	9,189,098	7,543,685	6,043,568
Operating assets (increase) decrease				
Interbank and money market items	8,438,564	17,712,847	1,052,171	285,397
Loans to customers	13,712,711	(3,543,772)	(850,000)	(250,000)
Securities and derivatives business receivables	416,410	278,383	-	-
Receivables from clearing house	(394,868)	89,221	-	-
Properties foreclosed	1,444,130	1,272,500	-	-
Other assets	490,792	243,683	(2,494)	(21,898)

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Operating liabilities increase (decrease)				
Deposits	(11,328,582)	9,674,905	-	-
Interbank and money market items	939,420	2,011,014	1,970,000	-
Liabilities payable on demand	50,842	213,026	-	-
Securities and derivatives business payables	12,305	(557,962)	-	-
Short-term debts issued and borrowings	(680,000)	(320,000)	(3,000,000)	(320,000)
Payable to clearing house	(32,341)	192,757	-	-
Provision for long-term employee benefits	(25,071)	(13,177)	(3,230)	(2,028)
Other liabilities	(471,563)	(769,927)	(76,947)	(116,745)
Net cash flows from operating activities	20,960,044	35,672,596	6,633,185	5,618,294
Cash flows from investing activities				
Cash paid for purchase of investments in securities	(33,534,017)	(15,611,661)	(371,661)	(122,989)
Cash received from disposal of investments in securities	29,164,080	16,678,606	-	123,000
Cash paid for acquisition of a subsidiary	-	(87,719)	(8)	(8)
Cash paid for purchase of equipment	(124,927)	(123,446)	(43,457)	(12,568)
Cash paid for purchase of intangible assets	(19,881)	(22,451)	(15,212)	(8,372)
Cash received from disposal of equipment	4,262	3,157	2,415	7,036
Cash received from disposal of intangible assets	-	-	-	36
Net cash flows from (used in) investing activities	(4,510,483)	836,486	(427,923)	(13,865)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	2,910,000	2,400,000	-	-
Cash paid for redemption of long-term debentures	(13,000,000)	(33,400,000)	-	-
Cash paid on lease liabilities	(216,181)	-	(219)	-
Dividend paid	(6,205,043)	(5,604,429)	(6,205,043)	(5,604,429)
Net cash flows used in financing activities	(16,511,224)	(36,604,429)	(6,205,262)	(5,604,429)
Net decrease in cash	(61,663)	(95,347)	-	-
Cash at beginning of the period	1,102,557	1,191,800	70	70
Cash at end of the period	1,040,894	1,096,453	70	70
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Right-of-use assets	131,562	-	-	-
Transfer-in of properties foreclosed in settlement of loans to customers	38,626	43,704	-	-
Transfer of investment properties to premises and equipment	-	10,679	20,091	-
Transfer of premises and equipment to investment properties	-	-	-	124,223

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to equity holders of the Company														
	Issued and paid-up			Other components of equity					Retained earnings		Total equity attributable to equity holders of the Company		Equity attributable to non-controlling interests of the subsidiaries	
	Preference shares	Ordinary shares	Share premium on ordinary shares	Deficit on changes in value of available-for-sale investments	Surplus measured at fair value through other comprehensive income	Surplus on revaluation of assets	Share of other comprehensive income of joint venture	Adjustment from business combination of entities under common control under holding restructuring plan	Total	Appropriated	Unappropriated	the Company	the subsidiaries	Total
Balance as at 1 January 2019	99	8,006,456	1,018,408	(91,062)	-	1,164,360	1,260	679,266	1,753,824	801,000	26,116,740	37,696,527	132,929	37,829,456
Dividend paid (Note 5)	-	-	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)	-	(5,604,429)
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,405,492	5,405,492	2,855	5,408,347
Other comprehensive income for the period (loss)	-	-	-	33,859	-	-	1,421	-	35,280	-	(142,957)	(107,677)	(120)	(107,797)
Total comprehensive income for the period	-	-	-	33,859	-	-	1,421	-	35,280	-	5,262,535	5,297,815	2,735	5,300,550
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(2,729)	-	-	(2,729)	-	3,320	591	-	591
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(131,278)	(131,278)
Balance as at 30 September 2019	99	8,006,456	1,018,408	(57,203)	-	1,161,631	2,681	679,266	1,786,375	801,000	25,778,166	37,390,504	4,386	37,394,890
Balance as at 1 January 2020	99	8,006,456	1,018,408	(31,644)	-	1,160,712	2,602	679,266	1,810,936	801,000	27,556,084	39,192,983	3,131	39,196,114
Cumulative effect due to the adoption of new financial reporting standards (Note 2)	-	-	-	35,873	-	-	-	-	35,873	-	408,369	444,242	-	444,242
Reclassification	-	-	-	(4,229)	4,229	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2020 - after adjustment	99	8,006,456	1,018,408	-	4,229	1,160,712	2,602	679,266	1,846,809	801,000	27,964,453	39,637,225	3,131	39,640,356
Dividend paid (Note 5)	-	-	-	-	-	-	-	-	-	-	(6,205,043)	(6,205,043)	-	(6,205,043)
Profit for the period	-	-	-	-	-	-	-	-	-	-	4,427,011	4,427,011	294	4,427,305
Other comprehensive income for the period (loss)	-	-	-	-	(1,746)	-	(8,253)	-	(9,999)	-	(8,101)	(18,100)	-	(18,100)
Total comprehensive income for the period (loss)	-	-	-	-	(1,746)	-	(8,253)	-	(9,999)	-	4,418,910	4,408,911	294	4,409,205
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(2,731)	-	-	(2,731)	-	3,321	590	-	590
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(131)	(131)
Balance as at 30 September 2020	99	8,006,456	1,018,408	-	2,483	1,157,981	(5,651)	679,266	1,834,079	801,000	26,181,641	37,841,683	3,294	37,844,977

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

(Unaudited but reviewed)

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the nine-month period ended 30 September 2020

(Unit: Thousand Baht)

	Separate financial statements										
	Issued and paid-up				Other components of equity			Retained earnings			
	Share premium		Surplus on changes in value of available-for-sale investments	Deficit on changes in value of investments measured at fair value through other comprehensive income	Surplus on revaluation of assets	Total	Appropriated	Unappropriated	Total		
	Preference shares	Ordinary shares								Preference shares	Ordinary shares
Balance as at 1 January 2019	99	8,006,456	87	7,031,436	(49,621)	-	306,925	257,304	801,000	7,482,643	23,579,025
Dividend paid (Note 5)	-	-	-	-	-	-	-	-	-	(5,604,429)	(5,604,429)
Profit for the period	-	-	-	-	-	-	-	-	-	266,468	266,468
Other comprehensive income for the period (loss)	-	-	-	-	49,815	-	-	49,815	-	(8,292)	41,523
Total comprehensive income for the period	-	-	-	-	49,815	-	-	49,815	-	258,176	307,991
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	-	(472)	(472)	-	591	119
Balance as at 30 September 2019	99	8,006,456	87	7,031,436	194	-	306,453	306,647	801,000	2,136,981	18,282,706
Balance as at 1 January 2020	99	8,006,456	87	7,031,436	41,787	-	306,294	348,081	801,000	8,086,786	24,273,945
Cumulative effect due to the adoption of new financial reporting standards (Note 2)	-	-	-	-	(41,787)	-	-	(41,787)	-	41,787	-
Balance as at 1 January 2020 - after adjustment	99	8,006,456	87	7,031,436	-	-	306,294	306,294	801,000	8,128,573	24,273,945
Dividend paid (Note 5)	-	-	-	-	-	-	-	-	-	(6,205,043)	(6,205,043)
Profit for the period	-	-	-	-	-	-	-	-	-	1,187,072	1,187,072
Other comprehensive income for the period (loss)	-	-	-	-	-	(1,229)	-	(1,229)	-	(5,406)	(6,635)
Total comprehensive income for the period (loss)	-	-	-	-	-	(1,229)	-	(1,229)	-	1,181,666	1,180,437
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	-	(473)	(473)	-	591	118
Balance as at 30 September 2020	99	8,006,456	87	7,031,436	-	(1,229)	305,821	304,592	801,000	3,105,787	19,249,457

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

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2020

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

1.1 Basis for preparation of interim financial information

This interim financial information is prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting and with reference to the regulation as stipulated by the Bank of Thailand (“BOT”), with the Company choosing to present condensed interim financial information. However, the Company has presented the statements of financial position, comprehensive income, changes in equity and cash flows in the same format as that used for the annual financial statements, and their presentation has been made in compliance with the BOT’s Notification No. Sor Nor Sor. 21/2561 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 31 October 2018, which has become effective for the financial statements for the year 2020.

The interim financial information is intended to provide information additional to that included in the latest annual financial statements. Accordingly, it focuses on new activities, events and circumstances so as not to duplicate information previously reported. This interim financial information should therefore be read in conjunction with the latest annual financial statements.

The interim financial information in Thai language is the official statutory financial statements of the Company. The interim financial information in English language has been translated from the Thai language interim financial information.

1.2 Basis of interim consolidation

The basis of interim consolidation is the same as that for the consolidated financial statements for the year ended 31 December 2019. During the period, there was no change in the composition of the subsidiaries.

1.3 The separate financial statements

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

1.4 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is impacting various businesses and industries both directly and indirectly. This situation could create uncertainties and may be impacting the operating results and cash flows in the future. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

1.5 New financial reporting standards

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

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards, except the new standards involving changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

Classification and measurement of financial assets

Financial assets - debt instruments

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

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

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

Financial assets - equity instruments

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

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

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

Classification of financial liabilities

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

Impairment of financial assets

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

Practice during transitional period

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

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

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases, adopting the same principles as those of TAS 17.

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

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

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

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

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by the aforementioned situations during the period from 1 January 2020 to 31 December 2021. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future, considering the following guidelines.

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

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

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

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

As at 30 September 2020, the Group’s outstanding receivable balance of debtors under debt relief measures totalled Baht 39,077 million, decreased when compared with the initial implementation of debt relief measures as at 30 June 2020 which totalled Baht 54,889 million, because of the partial expiry for certain debtors under principal holiday scheme and debtors under debt moratorium scheme. The balance consists of the debtors under principal holiday scheme of Baht 34,850 million, the debtors under debt moratorium scheme of Baht 160 million and the debtors receiving other forms of debt relief of Baht 4,067 million.

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

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

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

As of 30 September 2020, the Group has elected to apply the following temporary relief measures on accounting alternatives:

- To measure the fair value as at 30 September 2020 of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

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

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.6 Significant accounting policies

The interim financial information is prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except for the changes in the accounting policies that became effective on 1 January 2020 due to the adoption of new financial reporting standards, as follows:

1.6.1 Revenue recognition

a) Interest and discounts on loans

Since 1 January 2020, the Group has recognised interest on loans on an accrual basis, using the effective interest rate method, applied to the outstanding principal amount, without ceasing revenue recognition. The effective interest rate is the discount rate that estimates future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. If loans to customers are later credit-impaired, the Group recognises interest income using the effective interest rate method applied to the net carrying value of the loan (the loan amount net of allowance for expected credit loss). Subsequently, if the financial asset is no longer credit-impaired, the Group reverts to calculating interest income on a gross carrying amount.

Prior to 1 January 2020, interest on loans was recognised as income on an accrual basis and was based on principal outstanding. The Group had policies to cease accruing income for corporate loans on which interest payments had been defaulted for more than one month. For other loan accounts which were overdue for more than three months, the recognition of interest income was ceased, already recorded accrued interest was reversed from accounts and after that interest would be recognised as income on a cash basis. The accounts would be reinstated to an accrual basis when the overdue amounts were received.

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

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

1.6.2 Investments in securities

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

Financial assets - debt instruments

The Group classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, as follows:

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

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

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

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

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

After initial recognition, gain or loss from changes in fair value is presented as a separate item in other comprehensive income, with gain or loss from changes in the accumulated fair value of investments in debt instruments recognised as net gain (loss) on investments in profit or loss upon the disposal of investments. The expected credit loss and interest income which is calculated using the effective interest rate method are recognised in profit or loss.

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

c) Financial assets measured at amortised cost

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

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

Financial assets - equity instruments

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

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

Fair value

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

Income from investments and disposals of investments

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

Recognition

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

Changes in classification of investments in debt instruments

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

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

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value are recorded in other comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment loss (if any).

1.6.3 Investments in receivables purchased or transferred in

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

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

1.6.4 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are presented as deductions from loans to customers.

Hire purchase and finance lease receivables are stated at outstanding contract value, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contracts and advances received from finance lease receivables.

1.6.5 Allowance for expected credit loss/allowance for doubtful accounts

Allowance for expected credit loss

The Group applies general approach to calculate expected credit loss on its financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans to customers and accrued interest receivables and committed credit lines and financial guarantees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Allowance for doubtful accounts

Prior to 1 January 2020, the Group provided allowance for doubtful accounts of loans to customers in accordance with the Notifications of the BOT and adjusted these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans to customers except for hire purchase receivables and loan against auto license receivables that are classified as pass and special mention, the Group records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables, respectively. For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, the Group records allowance for doubtful accounts at a rate 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to the BOT's Notifications.

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

Allowance for doubtful accounts for other receivables is provided for the estimated loss that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.

1.6.6 Financial assets with modifications of terms/debt restructuring

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

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

If the debt restructuring does not meet the criteria for derecognition as of the restructuring date, the debtor continues to be classified as financial asset with a significant increase in credit risk (Stage 2) or as a financial asset that is credit-impaired (Stage 3) unless the debtor has been able to make payment in accordance with the debt restructuring agreement for not less than 12 months counting from the restructuring date. At that point, it can be reclassified as a financial asset with no significant increase in credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

Prior to 1 January 2020, the Group recorded troubled debt restructuring transactions in accordance with the BOT's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash inflows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the Group will use the interest rates specified in the term of modifications as the discount rates. The Group records differences between the fair value of receivables and the balance of net book value of receivables as of restructuring date as expenses in profit or loss. Loss arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, is recognised in profit or loss when incurred.

1.6.7 Leases

At the inception of the contract, the Group assess whether a contract is a lease or consists of a lease component. The contract is classified as lease or consists of a lease component if that contract provides the right to control the use of the specified asset for a certain period in exchange for compensation.

The Group as a lessee

The Group recognises right-of-use assets and liabilities for all lease contracts with a lease term of more than 12 months, unless the underlying assets are low in value.

Right-of-use assets

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

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and leases of low-value assets

Payments under leases that have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the majority of risks and rewards of ownership are transferred to lessees are considered finance leases. Assets under finance lease agreements are recognised as accounts receivable equal to the net investment amount according to the lease agreement or the net present value of the amount received under the lease agreement and the remaining unsecured value.

Leases in which the majority of risks and rewards of ownership are not transferred to lessees are considered operating leases. Amounts paid under operating leases are recognised as income in profit or loss by using the straight-line method over the life of the lease.

1.7 Significant accounting judgements and estimates

The interim financial information is prepared using subjective judgements and estimates as same as those used for the financial statements for the year ended 31 December 2019, except for the changes in judgements and estimates related to the following matters that became effective on 1 January 2020.

1.7.1 Allowance for expected credit loss on financial assets

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

1.7.2 Determination of lease term for leases with options to extend or cancel the lease - as a lessee

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

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

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

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

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Financial assets measured at				
fair value through profit or loss	-	1,921	-	1,921
Investments - net	9,363	(1,366)	-	7,997
Right-of-use assets	-	-	1,062	1,062
Deferred tax assets	1,325	(111)	-	1,214
Other assets	2,501	-	(78)	2,423
Liabilities				
Lease liabilities	-	-	984	984
Equity				
Other components of equity	1,811	36	-	1,847
Retained earnings - unappropriated	27,556	408	-	27,964

(Unit: Million Baht)

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

2.1 Financial instruments

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

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Other components of equity		
Classification of investments in available-for-sale equity securities as financial assets measured at fair value through profit or loss	45	(53)
Less: Income tax effects	(9)	11
Impacts on other components of equity due to the adoption of financial reporting standards related to financial instruments	36	(42)

(Unaudited but reviewed)

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Retained earnings - unappropriated		
Classification of investments in available-for-sale equity securities as financial assets measured at fair value through profit or loss	(45)	53
Fair value measurement of investments in equity instruments of non-listed companies	555	-
Less: Income tax effects	<u>(102)</u>	<u>(11)</u>
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>408</u>	<u>42</u>

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

(Unaudited but reviewed)

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

(Unit: Million Baht)

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

(Unit: Million Baht)

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

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

(Unit: Million Baht)

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

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

2.2 Leases

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

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments as at 31 December 2019	461	-
Add: Option to extend lease term	600	1
Less: Deferred interest expenses	(77)	-
Lease liabilities as at 1 January 2020	984	1

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

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

3. General information

3.1 The Company's information

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

3.2 Related party transactions

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

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

4. Supplemental information

4.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 30 September 2020 and 31 December 2019 is provided below.

Company's name	Nature of business	Country of incorporation	(Unit: Percent)	
			Percentage of shares held by the Company as at	
			30 September 2020	31 December 2019
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Insurance Solution Co., Ltd.	Insurance broker	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (In the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.99	99.99
<u>Subsidiaries indirectly held by the Company</u>				
TISCO Investment Advisory Securities Co., Ltd. (In the process of liquidation)	Securities business	Thailand	99.99	99.99

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

4.2 Classification of financial assets and financial liabilities

(Unit: Thousand Baht)

	As at 30 September 2020			
	Consolidated financial statements			
	Financial instruments			
	Financial instruments measured at fair value through profit or loss	measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	1,040,894	1,040,894
Interbank and money market items - net	-	-	36,852,220	36,852,220
Financial assets measured at fair value				
through profit or loss	1,945,019	-	-	1,945,019
Derivatives assets	198	-	-	198
Investments - net	-	12,036,384	-	12,036,384
Loans to customers and accrued interest				
receivables - net	-	-	215,165,751	215,165,751
Securities and derivatives business				
receivables - net	-	-	747,656	747,656
Other assets - receivables from clearing house	-	-	395,473	395,473
<u>Financial liabilities</u>				
Deposits	-	-	204,755,969	204,755,969
Interbank and money market items	-	-	5,595,553	5,595,553
Liabilities payable on demand	-	-	357,709	357,709
Debts issued and borrowings	-	-	14,246,919	14,246,919
Lease liabilities	-	-	878,510	878,510
Securities and derivatives business payables - net	-	-	832,850	832,850
Accrued interest payable	-	-	854,552	854,552
Other liabilities - payable to clearing house	-	-	306,480	306,480

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at 30 September 2020			
	Separate financial statements			
	Financial instruments			Total
	Financial instruments measured at fair value through profit or loss	measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	
<u>Financial assets</u>				
Cash	-	-	70	70
Interbank and money market items - net	-	-	46,157	46,157
Financial assets measured at fair value				
through profit or loss	864,783	-	-	864,783
Investments - net	-	205,964	-	205,964
Loans to customers and accrued interest				
receivables - net	-	-	3,056,022	3,056,022
<u>Financial liabilities</u>				
Interbank and money market items	-	-	1,970,000	1,970,000
Debts issued and borrowings	-	-	3,300,000	3,300,000
Lease liabilities	-	-	957	957
Accrued interest payable	-	-	23,471	23,471

4.3 Interbank and money market items (assets)

As at 30 September 2020 and 31 December 2019, interbank and money market items include securities purchases under resale agreements according to private repurchase transaction made by the subsidiary company operating a banking business. Securities received under resale agreements are being used as collateral. Details are as follows:

(Unit: Thousand Baht)

	Securities purchased under resale agreements according to private repurchase transactions	
	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Commercial banks	21,700,000	26,800,000
Specialised Financial Institutions	11,500,000	15,000,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

	Fair value of securities received as collateral	
	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Commercial banks	20,711,800	26,456,400
Specialised Financial Institutions	11,600,700	15,057,800

4.4 Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

Investments	Consolidated financial statements as at 30 September 2020		Separate financial statements as at 30 September 2020	
	Cost	Fair value	Cost	Fair value
Others				
Domestic marketable equity instruments	231,488	256,797	-	-
Domestic non-marketable equity instruments	257,578	772,569	-	-
Other securities - domestic unit trusts	54,856	50,870	-	-
Other securities - foreign unit trusts	803,120	864,783	803,120	864,783
	1,347,042	1,945,019	803,120	864,783
Add: Allowance for changes in value	597,977		61,663	
Total	1,945,019		864,783	

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

(Unit: Thousand Baht)

Securities' name	Consolidated financial statements as at 30 September 2020		
	Fair value of investments	Unpaid amount	Percentage of holding (%)
Services:			
Jiji Press (Thailand) Co., Ltd.	1,825	300	10
Trading import and export:			
Juki (Thailand) Co., Ltd.	6,025	-	10
PDTL Trading Co., Ltd.	3,637	-	10
Wattana Inter-Trade Co., Ltd.	19,158	-	10
Real estate:			
UMI Property Co., Ltd.	4,031	-	10
Industrial:			
Siam Art Ceramic Co., Ltd.	11,268	-	10

4.5 Derivatives assets/derivatives liabilities

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

(Unit: Thousand Baht)

Type of risks	Consolidated financial statements as at					
	30 September 2020			31 December 2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	198	-	1,253,715	21,907	-	917,044
Total	198	-	1,253,715	21,907	-	917,044

All counterparties of these derivatives transactions are financial institutions.

4.6 Investments

4.6.1 Investments classified by type of investments

As at 30 September 2020, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 30 September 2020	
	Amortised cost	Fair value
Investments in debt instruments measured at fair value through other comprehensive income		
Government and state enterprise securities	11,800,781	11,805,604
Private sector debt securities	423,121	230,780
	12,223,902	12,036,384
Add: Surplus on changes in fair value	3,103	
Less: Allowance for expected credit loss	(190,621)	
Total	12,036,384	
Investments in debt instruments measured at amortised cost		
Investments in receivables	12,296	
Less: Allowance for expected credit loss	(12,296)	
Total	-	
Total investments	12,036,384	

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements

as at 30 September 2020

	Amortised cost	Fair value
Investments in debt instruments measured at fair value through other comprehensive income		
Private sector debt securities	371,661	205,964
Less: Deficits on changes in fair value	(1,536)	
Less: Allowance for expected credit loss	(164,161)	
Total investments	<u>205,964</u>	

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

(Unit: Thousand Baht)

Consolidated financial statements

as at 31 December 2019

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

(Unaudited but reviewed)

(Unit: Thousand Baht)

Separate financial statements
as at 31 December 2019

	Cost	Fair value
Available-for-sale investments - fair value		
Other securities - foreign unit trusts	803,120	836,827
Add: Surplus on changes in fair value	33,707	
Investments - net	836,827	

4.6.2 Investments subject to restrictions

(Unit: Million Baht)

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

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

(Unit: Thousand Baht)

Consolidated financial statements
as at 30 September 2020

	Cost	Fair value	Allowance for
			expected credit loss
Companies having problems with debt repayment or in default	423,121	230,780	190,621

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2019

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

(Unit: Thousand Baht)

Separate financial statements
as at 30 September 2020

	Cost	Fair value	Allowance for
			expected credit loss
Companies having problems with debt repayment or in default	371,661	205,964	164,161

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December 2019

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

4.7 Investments in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements as at		Separate financial statements as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Investments in subsidiaries	-	-	19,995,898	19,995,890
Investment in joint venture	836,290	813,602	73,245	73,245
	836,290	813,602	20,069,143	20,069,135

4.7.1 Investments in subsidiaries

(Unit: Thousand Baht)

Company's name	Type of investments as at	Separate financial statements					
		Percentage of holding		Investment value - cost		Dividend income for the	
		as at		method as at		nine-month periods ended	
		30	31	30	31	30	30
		September	December	September	December	September	September
2020	2019	2020	2019	2020	2019		
		(%)	(%)				
Subsidiaries directly held by the Company							
TISCO Bank Public Company Limited	Ordinary shares	99.99	99.99	17,641,209	17,641,201	976,740	-
TISCO Securities Co., Ltd.	Ordinary shares	99.99	99.99	1,075,065	1,075,065	-	-
TISCO Asset Management Co., Ltd.	Ordinary shares	99.99	99.99	110,075	110,075	-	-
Hi-Way Co., Ltd.	Preference shares	99.99	99.99	2,866	2,866	-	-
	Ordinary shares	99.99	99.99	770,053	770,053	-	-
TISCO Information Technology Co., Ltd.	Ordinary shares	99.99	99.99	22,117	22,117	-	-
TISCO Insurance Solution Co., Ltd.	Ordinary shares	99.99	99.99	136,655	136,655	-	-
Primus Leasing Co., Ltd.	Ordinary shares	99.99	99.99	141,521	141,521	-	-
TISCO Learning Center Co., Ltd.	Ordinary shares	99.99	99.99	5,000	5,000	-	-
All-Ways Co., Ltd.	Ordinary shares	99.99	99.99	200,000	200,000	-	-
				20,104,561	20,104,553	976,740	-
Less: Allowance for impairment				(108,663)	(108,663)		
Investments in subsidiaries - net				19,995,898	19,995,890		

4.7.2 Investment in joint venture

a) Details of investment in joint venture

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

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements					
		Shareholding		Cost as at		Carrying amounts based on	
		percentage as at		equity method as at			
		30 September	31 December	30 September	31 December	30 September	31 December
		2020	2019	2020	2019	2020	2019
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	836,290	813,602

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Separate financial statements							
		Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method - net as at	
		30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of comprehensive income and dividend received

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

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the three-month periods ended 30 September		Share of other comprehensive income from investment in joint venture for the three-month periods ended 30 September		Dividend received for the three-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019
TISCO Tokyo Leasing Co., Ltd.	(1,930)	26,219	(5,650)	578	-	-

(Unit: Thousand Baht)

Jointly controlled entity	Consolidated financial statements				Separate financial statements	
	Share of profit/loss from investment in joint venture for the nine-month periods ended 30 September		Share of other comprehensive income from investment in joint venture for the nine-month periods ended 30 September		Dividend received for the nine-month periods ended 30 September	
	2020	2019	2020	2019	2020	2019
TISCO Tokyo Leasing Co., Ltd.	30,942	(5,686)	(8,253)	1,421	-	-

4.8 Loans to customers and accrued interest receivables

4.8.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Loans to customers		
Overdrafts	44,934	107,811
Loans	94,878,914	103,448,283
Hire purchase receivables	149,972,190	160,003,772
Finance lease receivables	8,544	17,904
Less: Deferred revenue	(20,004,934)	(20,743,017)
Advances received from finance lease receivables	-	(8,613)
Total loans to customers	224,899,648	242,826,140
Add: Accrued interest receivables and undue interest receivables	1,871,447	1,240,929
Total loans to customers and accrued interest receivables	226,771,095	244,067,069
Less: Allowance for expected credit loss	(11,605,344)	-
Allowance for doubtful accounts	-	(10,709,365)
Allowance for loss on debt restructuring	-	(7,343)
Loans to customers and accrued interest receivables - net	215,165,751	233,350,361

(Unit: Thousand Baht)

	Separate financial statements as at	
	30 September 2020	31 December 2019
Loans to customers		
Loans	3,060,000	2,210,000
Less: Allowance for expected credit loss	(3,978)	-
Loans to customers and accrued interest receivables - net	3,056,022	2,210,000

4.8.2 Classified by residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements as at		Separate financial statements as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Loans to customers net of deferred revenue				
- Domestic	216,139,543	234,690,878	3,060,000	2,210,000
- Foreign	8,760,105	8,135,262	-	-
Total	224,899,648	242,826,140	3,060,000	2,210,000

4.8.3 Classified by loan classification

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

(Unit: Thousand Baht)

	As at 30 September 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	188,684,475	4,636,071
Financial assets with significant increases in credit risk (Under-performing)	29,068,581	3,401,786
Financial assets that are credit-impaired (Non-performing)	5,478,732	1,391,599
Allowance established in excess	-	1,320,499
Total	223,231,788	10,749,955

(Unit: Thousand Baht)

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

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

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

(Unaudited but reviewed)

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

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

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

4.8.3.2 Classified by loan classification of other subsidiaries

	(Unit: Thousand Baht)	
	As at 30 September 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	3,713,421	219,501
Financial assets with significant increases in credit risk (Under-performing)	1,058,344	271,220
Financial assets that are credit-impaired (Non-performing)	737,542	374,803
Total	5,509,307	865,524

	(Unit: Thousand Baht)		
	As at 31 December 2019		
	Debt balance	Allowance for doubtful accounts	Debt balance - net
Pass	3,517,250	205,731	3,311,519
Special mention	600,766	116,842	483,924
Sub-standard	249,172	145,089	104,083
Doubtful	209,091	119,257	89,834
Doubtful of loss	84,386	48,331	36,055
Total	4,660,665	635,250	4,025,415

(Unaudited but reviewed)

4.8.3.3 Classified by loan classification of the Company

(Unit: Thousand Baht)

Separate financial statements
as at 30 September 2020

	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	3,060,000	3,978
Financial assets with significant increases in credit risk (Under-performing)	-	-
Financial assets that are credit-impaired (Non-performing)	-	-
Total	3,060,000	3,978

(Unit: Thousand Baht)

Separate financial statements as at 31 December 2019

	Debt balance	Allowance for doubtful accounts	Debt balance - net
Pass	2,210,000	-	2,210,000
Special mention	-	-	-
Sub-standard	-	-	-
Doubtful	-	-	-
Doubtful of loss	-	-	-
Total	2,210,000	-	2,210,000

4.8.4 As at 30 September 2020, loans to customers of the subsidiary company operating a banking business classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

As at 30 September 2020

	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	103,959	2,047	22,709	796	62,016	1,793	188,684	4,636
Financial assets with significant increases in credit risk (Under-performing)	19,354	1,497	6,237	861	3,478	1,044	29,069	3,402
Financial assets that are credit-impaired (Non-performing)	3,117	742	970	342	1,392	308	5,479	1,392
Total	126,430	4,286	29,916	1,999	66,886	3,145	223,232	9,430
Allowance established in excess								1,320
Total								10,750

(Unaudited but reviewed)

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

(Unit: Million Baht)

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

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

4.8.5 Hire purchase and finance lease receivables

As at 30 September 2020, receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 130,313 million (31 December 2019: Baht 139,459 million) and mostly comprise hire purchase agreements for cars and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 8 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 30 September 2020					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit-impaired (Non-performing)	Total
Gross investment in the agreements	40,364	79,919	21,740	7,958	149,981
Less: Deferred revenue ⁽⁶⁾	(6,218)	(8,720)	(411)	(4,319)	(19,668)
Present value of minimum lease pay from agreements	34,146	71,199	21,329	3,639	130,313
Accrued interest	763	-	-	193	956
Total	<u>34,909</u>	<u>71,199</u>	<u>21,329</u>	<u>3,832</u>	<u>131,269</u>
Allowance for expected credit loss					(5,087)
Net hire purchase and finance lease receivables					<u>126,182</u>

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

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2019					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	48,905	96,165	7,412	7,540	160,022
Less: Deferred revenue ⁽⁶⁾	(6,776)	(9,250)	(325)	(4,203)	(20,554)
Advances received from finance lease receivables	(9)	-	-	-	(9)
Present value of minimum lease pay from agreements	42,120	86,915	7,087	3,337	139,459
Accrued interest	757	-	-	1	758
Total	42,877	86,915	7,087	3,338	140,217
Allowance for doubtful accounts ⁽⁵⁾					(3,167)
Net hire purchase and finance lease receivables					137,050

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

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

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

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

(Unit: Million Baht)		
As at 31 December 2019		
	Amounts calculated under BOT's guidelines ⁽⁸⁾	Amounts calculated under the Group's policy
TISCO Bank ⁽⁷⁾	6,816	7,588
Other subsidiaries		605

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

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

However, in order to align with the financial reporting standards which became effective on 1 January 2020, the subsidiary companies revised their accounting policy by cancelling the policy to cease the recognition of interest income. Therefore, as at 30 September 2020 the subsidiary companies do not have loans to customers for which the recognition of interest income has been ceased.

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

As at 30 September 2020 and 31 December 2019, the subsidiary company operating a banking business has outstanding balances with troubled debt restructuring debtors as follows:

	As at			
	30 September 2020		31 December 2019	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
		(Million Baht)		(Million Baht)
Balance of restructured debts	10,355	3,080	10,615	2,109

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

4.9.1 Allowance for expected credit loss

As at 30 September 2020, the Group has allowance for expected credit loss which is classified by type of financial assets as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	For the nine-month period ended 30 September 2020					
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts/ allowance for impairment	Allowance established in excess	Total
Interbank and money market items (assets)						
Balance - beginning of period	-	-	-	-	-	-
Changes from revaluation of allowance for credit loss	372	-	-	-	-	372
Balance - end of period	372	-	-	-	-	372
Investments in debt instruments measured at fair value through other comprehensive income						
Balance - beginning of period	-	-	-	1,460	-	1,460
Changes due to the adoption of new financial reporting standards ⁽¹⁾	-	-	1,460	(1,460)	-	-
Changes from revaluation of allowance for credit loss	-	-	189,161	-	-	189,161
Balance - end of period	-	-	190,621	-	-	190,621

(1) Beginning balance of allowance for doubtful accounts, measured in accordance with the rules of the BOT, is presented as 12-mth ECL and Lifetime ECL on TFRS 9, without restatement of the comparative information.

(Unit: Thousand Baht)

Consolidated financial statements						
For the nine-month period ended 30 September 2020						
	Financial assets			Allowance for		
Financial assets	with significant	Financial assets	Allowance for	Allowance		
with no	increases in	that are credit-	doubtful	established		Total
significant	credit risk	impaired	accounts/	in excess		
increase in	(Lifetime ECL	(Lifetime ECL	allowance for			
credit risk	- not credit	(Lifetime ECL	impairment			
(12-mth ECL)	impaired)	- credit impaired)				
Investments in debt instruments						
measured at amortised cost						
Balance - beginning of period	-	-	-	12,437	-	12,437
Changes due to the adoption of new financial reporting standards ⁽¹⁾	-	-	12,437	(12,437)	-	-
	-	-	12,437	-	-	12,437
Changes from revaluation of allowance for credit loss	-	-	(141)	-	-	(141)
Balance - end of period	-	-	12,296	-	-	12,296
Loans to customers and accrued interest receivables						
Balance - beginning of period	-	-	-	7,146,393	3,562,972	10,709,365
Changes due to the adoption of new financial reporting standards ⁽¹⁾						
- Allocation of allowance for doubtful accounts	3,870,485	3,103,592	1,622,490	(7,146,393)	(1,450,174)	-
- Transfer allowance for loss on debt restructuring to allowance for expected credit loss	-	7,343	-	-	-	7,343
	3,870,485	3,110,935	1,622,490	-	2,112,798	10,716,708
Changes from transfers among stages	(72,139)	(74,747)	146,886	-	-	-
Changes from revaluation of allowance for credit loss	284,562	353,807	2,683,917	-	(792,299)	2,529,987
New financial assets	1,099,086	595,436	154,849	-	-	1,849,371
Derecognition	(336,557)	(312,425)	(107,002)	-	-	(755,984)
Write-off	-	-	(2,734,738)	-	-	(2,734,738)
Balance - end of period	4,845,437	3,673,006	1,766,402	-	1,320,499	11,605,344

(1) Beginning balance of allowance for doubtful accounts, measured in accordance with the rules of the BOT, is presented as 12-mth ECL and Lifetime ECL on TFRS 9, without restatement of the comparative information.

The amount of allowance for expected credit loss (ECL) as at 1 January 2020 as determined in accordance with TFRS 9: Financial Instruments was lower than the amount of allowance for doubtful accounts as at 31 December 2019 as determined in accordance with the former accounting policy by Baht 2,113 million. Such amount will be released in quarterly amounts over 2 years under the straight-line method, in line with the BOT's guideline. As a result, as at 30 September 2020 the balance of allowance established in excess remained at Baht 1,320 million.

(Unit: Thousand Baht)

Separate financial statements					
For the nine-month period ended 30 September 2020					
	Financial assets with no significant increase in credit risk (12-mth ECL)	Financial assets with significant increases in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit- impaired (Lifetime ECL - credit impaired)	Allowance for doubtful accounts	Total
Interbank and money market items (assets)					
Balance - beginning of period	-	-	-	-	-
Changes from revaluation of allowance for credit loss	24	-	-	-	24
Balance - end of period	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>
Investments in debt instruments measured at fair value through other comprehensive income					
Balance - beginning of period	-	-	-	-	-
Changes from revaluation of allowance for credit loss	-	-	164,161	-	164,161
Balance - end of period	<u>-</u>	<u>-</u>	<u>164,161</u>	<u>-</u>	<u>164,161</u>
Loans to customers and accrued interest receivables					
Balance - beginning of period	-	-	-	-	-
Changes from revaluation of allowance for credit loss	3,978	-	-	-	3,978
Balance - end of period	<u>3,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,978</u>

(Unaudited but reviewed)

4.9.2 Allowance for doubtful accounts

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

(Unit: Thousand Baht)

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

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

(Unit: Thousand Baht)

	For the nine-month period ended	For the year ended
	30 September 2020	31 December 2019
Balance - beginning of period	7,343	8,146
Changes due to the adoption of new financial reporting standards	(7,343)	-
Amortisation during the period	-	(803)
Balance - end of period	<u>-</u>	<u>7,343</u>

4.10 Classification of assets

4.10.1 Classification of assets under the BOT's guidelines

As at 30 September 2020, classification of financial assets is as follows:

(Unit: Million Baht)

Consolidated financial statements as at 30 September 2020					
Financial assets					
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income ⁽¹⁾		Loans to customers and accrued interest receivables	
		measured at fair value through other comprehensive income ⁽¹⁾	measured at amortised cost ⁽¹⁾	measured at amortised cost ⁽¹⁾	measured at amortised cost ⁽¹⁾
					Total
Financial assets with no significant increase in credit risk (Performing)	36,852	11,801	-	190,428	239,081
Financial assets with significant increases in credit risk (Under-performing)	-	-	-	30,127	30,127
Financial assets that are credit-impaired (Non-performing)	-	423	12	6,216	6,651
Total	36,852	12,224	12	226,771	275,859

(1) Presented at an amount before deductions of allowance for changes in value and allowance for expected credit loss.

(Unit: Million Baht)

Separate financial statements as at 30 September 2020					
Financial assets					
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income ⁽¹⁾		Loans to customers and accrued interest receivables	
		measured at fair value through other comprehensive income ⁽¹⁾	measured at amortised cost ⁽¹⁾	measured at amortised cost ⁽¹⁾	measured at amortised cost ⁽¹⁾
					Total
Financial assets with no significant increase in credit risk (Performing)	46	-	-	3,060	3,106
Financial assets with significant increases in credit risk (Under-performing)	-	-	-	-	-
Financial assets that are credit-impaired (Non-performing)	-	372	-	-	372
Total	46	372	-	3,060	3,478

(1) Presented at an amount before deductions of allowance for changes in value and allowance for expected credit loss.

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

(Unit: Million Baht)

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

(2) Loans to customers include loans to financial institutions (which are presented as part of interbank and money market items - net).

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

	Number of debtors		Debt balance		Collateral value		Allowance for expected credit loss/allowance for doubtful accounts provided in the accounts ⁽³⁾	
	as at		as at		as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019	30 September 2020	31 December 2019
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Listed companies vulnerable to delisting from the SET and under rehabilitation	-	1	-	513	-	467	-	513 ⁽⁴⁾
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET and under rehabilitation	1	-	502	-	315	-	500	-
3. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	9	8	800	862	485	236	80	10
Total	10	9	1,302	1,375	800	703	580	523

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

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

4.11 Premises and equipment

Movements of premises and equipment for the nine-month period ended 30 September 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
1 January 2020	4,695,830	1,178,836
Additions/transfers-in	124,927	63,789
Disposals/write-offs/transfers-out	(195,766)	(17,181)
30 September 2020	<u>4,624,991</u>	<u>1,225,444</u>
Accumulated depreciation		
1 January 2020	1,711,678	378,457
Depreciation for the period	167,952	61,493
Accumulated depreciation on disposals/write-offs/ transfers-out	(188,885)	(14,594)
30 September 2020	<u>1,690,745</u>	<u>425,356</u>
Net book value		
31 December 2019	<u>2,984,152</u>	<u>800,379</u>
30 September 2020	<u>2,934,246</u>	<u>800,088</u>

4.12 Right-of-use assets

Movements of right-of-use assets for the nine-month period ended 30 September 2020 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Cost		
Beginning balance as at 1 January 2020	-	-
Changes due to the adoption of new financial reporting standards	1,061,585	1,158
Beginning balance as at 1 January 2020 - after adjustment	1,061,585	1,158
Additions	131,562	-
Contract amendment	1,155	-
Contract termination	(57,920)	-
30 September 2020	<u>1,136,382</u>	<u>1,158</u>
Accumulated depreciation		
1 January 2020	-	-
Depreciation for the period	216,508	209
Accumulated depreciation on terminated contracts	(17,853)	-
30 September 2020	<u>198,655</u>	<u>209</u>
Net book value		
30 September 2020	<u>937,727</u>	<u>949</u>

4.13 Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Receivables from clearing house	395,473	605	-	-
Value added tax - net	279,547	398,298	1,686	3,796
Accrued interest receivables	35,837	11,333	-	-
Fee and service receivables	428,502	653,250	127,293	119,933
Refundable income tax and prepaid income tax	8,711	23,769	-	-
Deposits	84,750	86,299	95	2,095
Other receivables	591,799	725,684	-	365
Other assets	375,089	440,937	77,492	70,523
Total other assets	2,199,708	2,340,175	206,566	196,712

4.14 Deposits

4.14.1 Classified by type of deposits

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Deposits		
Current accounts	2,580,018	2,638,324
Saving accounts	44,138,394	37,801,616
Fixed accounts		
- not over 6 months	13,720,845	19,248,789
- over 6 months but not over 1 year	32,759,837	33,399,669
- over 1 year	2,801,497	3,912,418
Certificates of deposit/negotiable certificates of deposit	108,755,378	119,083,735
Total	204,755,969	216,084,551

4.14.2 As at 30 September 2020 and 31 December 2019, all outstanding deposits are deposits from domestic depositors and are in Baht.

4.15 Debts issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,370,000	6,680,000	-	-
Unsubordinated unsecured debentures	7,840,000	18,300,000	3,300,000	6,300,000
Bills of exchange	36,122	36,122	-	-
Promissory notes	797	797	-	-
Total	<u>14,246,919</u>	<u>25,016,919</u>	<u>3,300,000</u>	<u>6,300,000</u>

4.15.1 Subordinated unsecured debentures

As at 30 September 2020 and 31 December 2019, the subsidiary company operating a banking business has long-term subordinated unsecured debentures as follows:

Issued year	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
	30 September 2020	31 December 2019		30 September 2020	31 December 2019		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2015	-	1.00	1,000	-	1,000	2025	4.50 percent per annum
2015	1.00	1.00	1,000	1,000	1,000	2025	4.25 percent per annum
2016	0.68	0.68	1,000	680	680	2026	3.875 percent per annum
2017	1.00	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2020	0.69	-	1,000	690	-	2030	3.15 percent per annum
Total				<u>6,370</u>	<u>6,680</u>		

4.15.2 Unsubordinated unsecured debentures

As at 30 September 2020 and 31 December 2019, the Group has short-term and long-term unsubordinated unsecured debentures as follows:

Consolidated financial statements								
Issued year	Type of debentures	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
		30 September 2020 (Million units)	31 December 2019 (Million units)		30 September 2020 (Million Baht)	31 December 2019 (Million Baht)		
2018	Long-term debenture	-	12.00	1,000	-	12,000	2020	1.65 - 2.05 percent per annum
2019	Short-term debenture	-	6.30	1,000	-	6,300	2020	1.50 - 1.85 percent per annum
2020	Short-term debenture	3.30	-	1,000	3,300	-	2020	1.45 - 1.60 percent per annum
2020	Short-term debenture	2.32	-	1,000	2,320	-	2021	1.30 percent per annum
2020	Long-term debenture	2.22	-	1,000	2,220	-	2022	1.40 percent per annum
Total					<u>7,840</u>	<u>18,300</u>		

Separate financial statements								
Issued year	Type of debentures	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
		30 September 2020 (Million units)	31 December 2019 (Million units)		30 September 2020 (Million Baht)	31 December 2019 (Million Baht)		
2019	Short-term debenture	-	6.30	1,000	-	6,300	2020	1.50 - 1.85 percent per annum
2020	Short-term debenture	3.30	-	1,000	3,300	-	2020	1.45 - 1.60 percent per annum
Total					<u>3,300</u>	<u>6,300</u>		

4.15.3 Bills of exchange

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

(Unaudited but reviewed)

4.16 Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Beginning balance as at 1 January 2020 from the adoption of new financial reporting standards	1,060,908	-	1,215	-
Increase during the period	143,342	-	-	-
Contract amendment	(381)	-	-	-
Paid during the period	(216,181)	-	(219)	-
Terminated during the period	(44,359)	-	-	-
Balance as at 30 September 2020	943,329	-	996	-
Less: Deferred interest expenses	(64,819)	-	(39)	-
Lease liabilities - net	878,510	-	957	-

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

(Unit: Thousand Baht)

	Consolidated financial statements as at 30 September 2020			
	Amount due for payment under the contract			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Undiscounted lease payments	204,555	645,401	93,373	943,329
Deferred interest expenses	(20,723)	(34,367)	(9,729)	(64,819)
Lease liabilities	183,832	611,034	83,644	878,510

(Unit: Thousand Baht)

	Separate financial statements as at 30 September 2020			
	Amount due for payment under the contract			
	Less than 1 year	1 - 5 years	Over 5 years	Total
Undiscounted lease payments	293	703	-	996
Deferred interest expenses	(19)	(20)	-	(39)
Lease liabilities	274	683	-	957

The Group had total cash outflows on leases for the nine-month period ended 30 September 2020 of Baht 229 million (The Company only: Baht 2 million).

4.17 Provisions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Allowance for expected credit loss on loan commitments and financial guarantees	4,121	-	-	-
Provision for long-term employee benefits	1,643,029	1,485,868	288,814	265,897
Total provisions	1,647,150	1,485,868	288,814	265,897

As at 30 September 2020, allowance for expected credit loss on loan commitments and financial guarantee contracts by classification is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at 30 September 2020	
	Loan commitments and financial guarantee contracts	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	1,671,078	4,121
Financial assets with significant increases in credit risk (Under-performing)	-	-
Financial assets that are credit-impaired (Non-performing)	-	-
Total	1,671,078	4,121

4.18 Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at		as at	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
Payable to clearing house	306,480	338,821	-	-
Withholding income tax and other				
tax payables	149,578	528,570	11,976	88,931
Accrued insurance premium	413,646	474,845	-	-
Deferred income	1,475,369	1,642,236	-	-
Accrued expenses	4,604,455	4,259,596	1,624,115	1,360,474
Suspense creditors	1,205,319	1,014,778	-	-
Other liabilities	442,074	400,296	100	92
Total other liabilities	8,596,921	8,659,142	1,636,191	1,449,497

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts the Group's operating results, as an incentive to work effectively and to build loyalty to the Group. This vested bonus is continuously set aside for payment five years later. It is paid in cash and determined based on the average daily price of the Company's shares over the period of five years from grant date to settlement date. As of 30 September 2020, the Group has issued bonus under this scheme amounting to Baht 362 million (The Company only: Baht 177 million).

As at 30 September 2020, the above other liabilities include advances received from Electronic Funds Transfer transactions of TISCO Bank amounting to Baht 36,454, and TISCO Bank records an asset amounting to Baht 11 million maintained for advances received through such transactions, presented under interbank and money market items (assets) in the statement of financial position.

4.19 Capital funds

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

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

Regarding Capital funds as at 30 September 2020 and 31 December 2019, the Financial Business Group has allocated the additional reserve from classification as part of regulatory capital funds. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

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

	(Unit: Thousand Baht)	
	As at	
	30 September 2020	31 December 2019
<u>Common Equity Tier I capital</u>		
Issued and paid-up share capital	8,006,456	8,006,456
Premium on share capital	1,018,408	1,018,408
Statutory reserve	801,000	801,000
Net profits after appropriation	21,759,372	20,512,152
Other components of equity	1,834,079	1,810,937
Less: Deductions from Common Equity Tier I items	(1,245,764)	(1,753,842)
Total Common Equity Tier I capital	32,173,551	30,395,111
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	99	99
Total Tier I capital	32,173,650	30,395,210
<u>Tier II capital</u>		
Long-term subordinated debentures	6,370,000	6,680,000
Surplus of provision	749,944	769,245
Reserve for loans classified as pass	705,231	717,550
Total Tier II capital	7,825,175	8,166,795
Total capital funds	39,998,825	38,562,005

(Unaudited but reviewed)

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2020		31 December 2019	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	17.52	7.00	16.38	7.00
Tier I capital to risk assets	17.52	8.50	16.38	8.50
Total capital to risk assets	21.78	11.00	20.78	11.00

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

(Unit: Thousand Baht)

	As at	
	30 September 2020	31 December 2019
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	17,278,545	17,277,459
Other components of equity	307,732	304,899
Less: Deductions from Common Equity Tier I items	(531,026)	(1,080,464)
Total Common Equity Tier I capital	29,797,951	29,244,594
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	29,797,952	29,244,595
<u>Tier II Capital</u>		
Long-term subordinated debentures	6,370,000	6,680,000
Surplus of provision	730,022	749,945
Reserve for loans classified as pass	547,203	542,598
Total Tier II capital	7,647,225	7,972,543
Total capital funds	37,445,177	37,217,138

(Unaudited but reviewed)

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2020		31 December 2019	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	17.93	7.00	17.37	7.00
Tier I capital to risk assets	17.93	8.50	17.37	8.50
Total capital to risk assets	22.53	11.00	22.10	11.00

To comply with the Notification of the BOT No. Sor Nor Sor. 15/2562 regarding “Public Disclosure of Capital Maintenance for Financial Business Group (No. 2)”, the Company has disclosed capital maintenance information of the Financial Business Group as at 30 June 2020 on its website (www.tisco.co.th) in October 2020.

4.20 Other components of equity

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

	(Unit: Thousand Baht)	
	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	(14,260)	(88,532)
Changes due to the adoption of new financial reporting standards	14,260	-
Balance - beginning of period after adjustment	-	(88,532)
Increase from changes in value of investments during the period	-	74,272
	-	(14,260)
Less: Effect of deferred tax liabilities	-	(17,384)
Balance - end of period	-	(31,644)

	(Unit: Thousand Baht)	
	Separate financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	52,234	(62,026)
Changes due to the adoption of new financial reporting standards	(52,234)	-
Balance - beginning of period after adjustment	-	(62,026)
Increase from changes in value of investments during the period	-	114,260
	-	52,234
Less: Effect of deferred tax liabilities	-	(10,447)
Balance - end of period	-	41,787

(Unaudited but reviewed)

4.20.2 Surplus on valuation of investments in debt securities at fair value through other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	-	-
Changes due to the adoption of new financial reporting standards	5,286	-
Balance - beginning of period after adjustment	5,286	-
Decrease from changes in value of investments during the period	(2,183)	-
	3,103	-
Less: Effect of deferred tax liabilities	(620)	-
Balance - end of period	2,483	-

(Unit: Thousand Baht)

	Separate financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	-	-
Decrease from changes in value of investments during the period	(1,536)	-
	(1,536)	-
Add: Effect of deferred tax liabilities	307	-
Balance - end of period	(1,229)	-

4.20.3 Surplus on revaluation of assets

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

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	1,451,010	1,455,449
Transfer to retained earnings	(3,321)	(4,439)
	1,447,689	1,451,010
Less: Effect of deferred tax liabilities	(289,708)	(290,298)
Balance - end of period	1,157,981	1,160,712

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements as at	
	30 September 2020	31 December 2019
Balance - beginning of period	382,866	383,656
Transfer to retained earnings	(591)	(790)
	382,275	382,866
Less: Effect of deferred tax liabilities	(76,454)	(76,572)
Balance - end of period	305,821	306,294

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

4.21 Interest income

Interest income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Interbank and money market items	40,143	107,292	212,889	472,307
Investments in debt securities	31,756	66,488	109,127	181,833
Loans to customers	1,934,629	2,022,880	6,101,185	5,977,723
Hire purchase and finance lease	2,075,738	2,180,014	6,333,784	6,514,513
Total interest income	4,082,266	4,376,674	12,756,985	13,146,376

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Interbank and money market items	95	1,115	2,643	5,857
Investments in debt securities	113	107	2,842	3,755
Loans to customers	15,059	12,905	42,630	38,537
Total interest income	15,267	14,127	48,115	48,149

Interest income for the three-month and nine-month periods ended 30 September 2020 consisted of interest income on impaired financial assets amounting to Baht 76 million and Baht 382 million, respectively. The subsidiaries recognised expected credit loss on which at the amount that fully covers this interest income.

4.22 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Deposits	591,422	845,897	2,122,663	2,394,150
Interbank and money market items	5,262	6,603	19,272	19,628
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	126,878	256,711	399,321	804,836
Issued debt securities				
- Subordinated debentures	62,707	68,571	196,405	206,503
- Unsubordinated debentures	37,418	88,131	161,779	387,757
Borrowings	230	230	684	13,034
Others	6,000	-	18,400	-
Total interest expenses	829,917	1,266,143	2,918,524	3,825,908

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Interbank and money market items	5,009	65	5,036	65
Issued debt securities				
- Unsubordinated debentures	17,489	27,976	47,340	47,760
Borrowings	-	-	-	12,352
Others	6	-	18	-
Total interest expenses	22,504	28,041	52,394	60,177

4.23 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Fee and service income				
- Acceptance, aval and guarantees	1,652	512	5,156	3,799
- Insurance service	543,631	787,563	1,634,963	2,231,411
- Brokerage fee	154,606	201,420	582,947	566,648
- Fund management	295,888	301,633	868,743	880,328
- Others	348,000	269,431	892,786	863,653
Total fee and service income	1,343,777	1,560,559	3,984,595	4,545,839
Fee and service expenses				
- Information service expenses	(3,919)	(3,782)	(12,285)	(11,524)
- Others	(59,934)	(65,787)	(208,209)	(195,914)
Total fee and service expenses	(63,853)	(69,569)	(220,494)	(207,438)
Net fee and service income	1,279,924	1,490,990	3,764,101	4,338,401

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Fee and service income	-	-	-	-
Fee and service expenses	(5,197)	(3,992)	(12,876)	(12,469)
Net fee and service income	(5,197)	(3,992)	(12,876)	(12,469)

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

Net gain on financial instruments measured at fair value through profit or loss for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	23,255	-	29,458	-
- Debt securities	3,502	-	19,547	-
- Equity securities	32,035	-	(17,599)	-
Total	58,792	-	31,406	-

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies	20,030	-	40,702	-
- Equity securities	5,921	-	(12,746)	-
Total	25,951	-	27,956	-

4.25 Net gain (loss) on trading and foreign exchange transactions

Net gain (loss) on trading and foreign exchange transactions in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	-	(11,303)	-	(62,013)
- Derivatives on interest rates	-	(6)	-	(2)
- Debt securities	-	15,328	-	28,869
- Others	-	(79)	-	(94)
Net gain (loss) on trading and foreign exchange transactions	-	3,940	-	(33,240)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Losses on trading and foreign exchange transactions				
- Foreign currencies	-	(5,133)	-	(50,060)
Net loss on trading and foreign exchange transactions	-	(5,133)	-	(50,060)

4.26 Net gain on investments

Net gain on investments in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gains (losses) on disposal				
- Debt instruments measured at fair value through other comprehensive income	1,267	-	3,380	-
- Debt instruments measured at amortised cost	2,283	-	5,609	-
- Available-for-sale investments	-	552	-	(169)
- Held-to-maturity debt securities	-	1,642	-	8,715
- General investments	-	1,918	-	1,918
Total	3,550	4,112	8,989	10,464
Reversal of allowance for losses on impairment (losses)				
- General investments	-	105	-	(5,684)
Total	-	105	-	(5,684)
Net gain on investments	3,550	4,217	8,989	4,780

4.27 Other operating income

Other operating income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Gain on disposal of properties foreclosed	12,329	8,659	24,381	36,845
Others	16,356	19,001	48,008	48,202
Total	28,685	27,660	72,389	85,047

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Rental income	18,608	20,089	57,379	60,603
Others	923	837	2,666	3,044
Total	19,531	20,926	60,045	63,647

4.28 Other operating expenses

Other operating expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Mailing expenses	16,009	18,163	53,428	54,477
Software amortisation expenses	36,383	41,444	109,212	125,584
Legal expenses relating to the business	75,289	77,414	215,346	226,456
Transportation expenses	19,344	26,470	59,176	77,080
Expenses related to the repossession and the disposal of repossessed assets	28,772	26,883	78,103	75,428
Advertising and business promotion expenses	40,297	59,820	108,020	121,189
Others	74,137	62,888	184,711	223,607
Total	290,231	313,082	807,996	903,821

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Mailing expenses	10	32	86	91
Software amortisation expenses	10,810	15,718	33,001	49,592
Transportation expenses	2,085	2,553	6,558	6,790
Advertising and business promotion expenses	104	327	201	8,525
Others	7,236	3,647	14,584	20,261
Total	20,245	22,277	54,430	85,259

4.29 Bad debts, doubtful accounts and impairment loss

Bad debts, doubtful accounts and impairment loss in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and 2019 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Held-to-maturity debt securities (reversal)	-	(74)	-	(910)
Loans to customers	-	125,200	-	371,782
Total	-	125,126	-	370,872

4.30 Expected credit loss (reversal)

Expected credit loss (reversal) and gain or loss from the modifications of terms of financial assets for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Expected credit loss				
- Interbank and money market items	49	-	372	-
- Investments in debt instruments measured at amortised cost (reversal)	85	-	(141)	-
- Investments in debt instruments measured at fair value through other comprehensive income	-	-	189,161	-
- Loans to customers	597,050	-	2,302,400	-
Loss from the modification of terms				
- Loans to customers	6,095	-	64,037	-
Loan commitments and financial guarantees	1,672	-	4,121	-
Total	604,951	-	2,559,950	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Expected credit loss				
- Interbank and money market items (reversal)	(26)	-	24	-
- Investments in debt instruments measured at fair value through other comprehensive income (reversal)	(585)	-	164,161	-
- Loans to customers	-	-	3,978	-
Total	(611)	-	168,163	-

4.31 Income tax expenses

Income tax expenses of the Group for the three-month and nine-month periods ended 30 September 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Current income tax:				
Income tax expenses for the period	379,598	549,188	799,791	1,536,820
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	17,635	(89,868)	291,334	(208,619)
Adjustments of prior year's income tax	-	-	37	-
Income tax expenses reported in the statement of comprehensive income	397,233	459,320	1,091,162	1,328,201

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
Current income tax:				
Income tax expenses for the period	17,395	22,354	86,596	70,224
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	1,688	240	(37,620)	(9,767)
Income tax expenses reported in the statement of comprehensive income	19,083	22,594	48,976	60,457

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2020 and 2019 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2020	2019	2020	2019
Accounting profit before tax	2,008,870	2,335,443	5,518,467	6,736,548
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	401,774	467,089	1,103,693	1,347,309
Tax effect of net tax-exempt income and net disallowed expenses	(3,402)	(1,769)	(6,338)	(29,008)
Adjustments of prior year's tax	-	-	37	-
Others	(1,139)	(6,000)	(6,230)	9,900
Income tax expenses reported in the statement of comprehensive income	397,233	459,320	1,091,162	1,328,201

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Accounting profit before tax	92,891	110,146	1,236,048	326,925
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	18,578	22,029	247,210	65,385
Tax effect of net tax-exempt income and net disallowed expenses	505	565	(198,234)	(4,928)
Income tax expenses reported in the statement of comprehensive income	19,083	22,594	48,976	60,457

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at		Changes in deferred tax assets/liabilities reported in profit or loss for the nine-month periods ended 30 September	
	30 September	31 December	2020	2019
	2020	2019	2020	2019
Allowance for doubtful accounts	436,040	838,399	(402,359)	158,344
Allowance for expected credit loss	39,653	-	39,653	-
Allowance for impairment of investments	34,844	39,063	(4,219)	(8,867)
Allowance for impairment of properties foreclosed	52	55	(3)	(2,274)
Non-accrual of interest income	21,245	55,655	(34,410)	5,392
Depreciation of assets	(69,508)	(75,889)	6,381	(6,565)
Finance leases	-	(12)	12	53
Gain on changes in fair value of investment properties	(4,722)	(4,722)	-	-
Surplus on revaluation of assets	(295,461)	(296,051)	-	-
Surplus on changes in value of investments	(620)	(17,385)	-	-
Unrealised gain on derivatives	-	(214)	214	(2,131)
Gain on changes in value of investments in securities	(123,990)	-	3,397	-
Deferred commission and direct expenses incurred at the initiation of hire purchase	(521,273)	(615,105)	93,832	(36,698)

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements				
		Changes in deferred tax assets/liabilities reported in profit or loss for the nine-month periods ended 30 September		
As at				
30 September	31 December	2020	2019	
2020	2019	2020	2019	
Loss on disposal of properties foreclosed	49,710	49,173	537	(2,334)
Unearned interest income on hire purchase	185,444	197,238	(11,794)	28,833
Loss on investments in subsidiaries	4,200	-	4,200	-
Reduction of subsidiaries' share capital	24,977	25,048	(71)	-
Tax loss carried forward	-	-	-	589
Accrued expenses	694,211	694,211	-	-
Employee benefit expenses	327,169	295,862	29,307	65,826
Others	123,567	139,578	(16,011)	8,451
Deferred tax assets	925,538	1,324,904	(291,334)	208,619

(Unit: Thousand Baht)

Separate financial statements				
		Changes in deferred tax assets/liabilities reported in profit or loss for the nine-month periods ended 30 September		
As at				
30 September	31 December	2020	2019	
2020	2019	2020	2019	
Allowance for impairment of investments	21,732	21,732	-	-
Allowance for expected credit loss	33,633	-	33,633	-
Depreciation of assets	(40,972)	(39,177)	(1,795)	(2,559)
Gain on changes in fair value of investment properties	(92,082)	(92,082)	-	-
Surplus on revaluation of assets	(76,454)	(76,573)	-	-
(Surplus) deficit on changes in value of investments	307	(10,447)	-	-
Gain on changes in value of investments in securities	(7,897)	-	2,549	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	268,696	268,696	-	-
Employee benefit expenses	57,763	53,179	3,233	12,326
Deferred tax assets	186,161	146,763	37,620	9,767

4.32 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Other comprehensive income				
Investments in debt instruments measured at fair value				
through other comprehensive income:				
Gains (losses) during the period	(8,473)	-	1,197	-
Less: Reclassification adjustments for gains included in profit or loss	(1,267)	-	(3,380)	-
	(9,740)	-	(2,183)	-
Available-for-sale investments:				
Gains (losses) during the period	-	(48,003)	-	42,154
Add (less): Reclassification adjustments for (gains) losses included in profit or loss	-	(552)	-	169
	-	(48,555)	-	42,323
Actuarial loss	(251)	-	(10,104)	(178,686)
Share of other comprehensive income of joint venture:				
Cash flow hedges of joint venture	(5,650)	578	(8,253)	1,421
Other comprehensive income (loss)	(15,641)	(47,977)	(20,540)	(134,942)
Income tax effects	1,998	9,711	2,440	27,145
Other comprehensive income for the period (loss)	(13,643)	(38,266)	(18,100)	(107,797)

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Other comprehensive income				
Investments in debt instruments measured at fair value through other comprehensive income:				
Losses during the period	-	-	(1,536)	-
Add (less): Reclassification adjustments for (gains) losses included in profit or loss	-	-	-	-
	-	-	(1,536)	-
Available-for-sale investments:				
Gains (losses) during the period	-	(16,543)	-	62,269
Add (less): Reclassification adjustments for (gains) losses included in profit or loss	-	-	-	-
	-	(16,543)	-	62,269
Actuarial loss	-	-	(6,758)	(10,365)
Other comprehensive income (loss)	-	(16,543)	(8,294)	51,904
Income tax effects	-	3,309	1,659	(10,381)
Other comprehensive income for the period (loss)	-	(13,234)	(6,635)	41,523

4.33 Earnings per share

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

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Profit attributable to equity holders of the Company (Thousand Baht)	1,611,530	1,877,741	4,427,011	5,405,492
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	2.01	2.35	5.53	6.75

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Profit attributable to equity holders of the Company (Thousand Baht)	73,808	87,552	1,187,072	266,468
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	0.09	0.11	1.48	0.33

4.34 Related party transactions

The relationships between the Company and its related parties

Name of related parties	Relationship
TISCO Bank Public Company Limited	Subsidiary company
TISCO Securities Co., Ltd.	Subsidiary company
TISCO Asset Management Co., Ltd.	Subsidiary company
TISCO Investment Advisory Securities Co., Ltd.	Subsidiary company
Hi-Way Co., Ltd.	Subsidiary company
TISCO Insurance Solution Co., Ltd.	Subsidiary company
TISCO Information Technology Co., Ltd.	Subsidiary company
TISCO Learning Center Co., Ltd.	Subsidiary company
All-Ways Co., Ltd.	Subsidiary company
Primus Leasing Co., Ltd.	Subsidiary company
TISCO Tokyo Leasing Co., Ltd.	Joint venture company

(Unaudited but reviewed)

As at 30 September 2020 and 31 December 2019, the balances of accounts between the Company and its related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
<u>Outstanding balance</u>		
Companies with common directors		
Deposits	57,437	60,803

(Unit: Thousand Baht)

	Separate financial statements as at	
	30 September 2020	31 December 2019
<u>Outstanding balance</u>		
(Eliminated from the consolidated financial statements)		
Subsidiary companies		
Interbank and money market items - net (assets):		
TISCO Bank Public Company Limited	46,169	1,098,448
Loans to customers:		
Hi-Way Co., Ltd.	3,060,000	2,210,000
Dividend receivables:		
TISCO Bank Public Company Limited	-	4,100,464
TISCO Securities Co., Ltd.	-	75,000
TISCO Asset Management Co., Ltd.	-	699,996
Hi-Way Co., Ltd.	-	550,000
TISCO Information Technology Co., Ltd.	-	49,999
TISCO Insurance Solution Co., Ltd.	-	384,987
TISCO Learning Center Co., Ltd.	-	17,499
Other assets:		
TISCO Bank Public Company Limited	126,333	120,398
TISCO Securities Co., Ltd.	-	24
TISCO Asset Management Co., Ltd.	-	53
TISCO Learning Center Co., Ltd.	1,127	365
Interbank and money market items (liabilities):		
TISCO Bank Public Company Limited	1,970,000	-
Other liabilities:		
TISCO Learning Center Co., Ltd.	1,125	43

Loans to related companies

As at 30 September 2020 and 1 January 2020, the balances of loans between the Company and its related companies and their movements are as follows:

(Unit: Thousand Baht)

	As at 1 January 2020	Increase	Decrease	As at 30 September 2020
Subsidiary companies				
Loans				
Hi-Way Co., Ltd.	2,210,000	1,300,000	(450,000)	3,060,000

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

(Unit: Thousand Baht)

	Separate financial statements				Terms and pricing policies
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		
	2020	2019	2020	2019	
Transactions occurred during the periods					
(Eliminated from the consolidated financial statements)					
Subsidiary companies					
Interest income	15,154	14,021	45,274	44,339	With reference to the terms and prices as offered to other customers
Risk and financial management fee income, human resources management fee income and office administration fee income	535,851	538,156	1,608,549	1,666,081	Determined on market prices and/or actual costs in compliance with the criteria specified by the BOT
Rental income	18,608	20,089	57,379	60,603	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	78,750	73,000	236,250	219,000	Determined on actual costs in compliance with the criteria specified by the BOT
Training expenses	2,727	2,746	3,672	6,942	With reference to the prices as offered from other service providers
Other expenses	5,391	435	6,251	1,450	With reference to the terms and prices as offered to other customers

In May 2020, the Company invested in private sector debt securities totalling Baht 372 million of a company with weak financial position and poor operating results from mutual funds managed by the subsidiary company operating an asset management business. As at 30 September 2020, the Company has already set up an allowance for expected credit loss amounting to Baht 164 million on these investments, calculated based on the average recovery rate as announced by the Thai Bond Market Association.

Loans to directors and management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Loans ⁽¹⁾	20,498	22,366

(1) Including employee welfare loans and normal loans

Liabilities payable to directors and management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Deposits	393,137	363,369

Directors' and management's benefits

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Group had short-term benefit expenses paid to its directors and key management during the periods and other employee benefit expenses to its directors and management as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Short-term benefits	200	190	374	360
Post-employment benefits	15	16	46	46
Total	215	206	420	406

(Unit: Million Baht)

	Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Short-term benefits	130	122	222	212
Post-employment benefits	8	8	24	23
Total	138	130	246	235

4.35 Segment information

The Group is organised into business units based on its products and services. During the current period, the Group has not changed the organisation of its reportable segments.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and nine-month periods ended 30 September 2020 and 2019.

(Unit: Million Baht)

	For the three-month period ended 30 September 2020						
	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
Revenue							
External customers	4,078	229	388	1	4,696	-	4,696
Inter-segment	232	-	(18)	850	1,064	(1,064)	-
Total revenue	4,310	229	370	851	5,760	(1,064)	4,696
Operating results:							
Net interest income	3,255	2	1	(7)	3,251	1	3,252
Net fee and service income	950	197	364	277	1,788	(508)	1,280
Other operating income	105	30	5	581	721	(557)	164
Total operating income	4,310	229	370	851	5,760	(1,064)	4,696
Premises and equipment expenses and amortisation	(406)	(20)	(6)	(189)	(621)	272	(349)
Other operating expenses	(1,695)	(142)	(183)	(502)	(2,522)	789	(1,733)
Expected credit loss	(615)	-	-	1	(614)	9	(605)
Total operating expenses	(2,716)	(162)	(189)	(690)	(3,757)	1,070	(2,687)
Segment profit before income tax expenses	1,594	67	181	161	2,003	6	2,009
Income tax expenses							(397)
Non-controlling interests of the subsidiaries							-
Profit for the period - equity holders of the Company							1,612

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2019

	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
Revenue							
External customers	4,198	227	351	(13)	4,763	-	4,763
Inter-segment	177	29	(6)	804	1,004	(1,004)	-
Total revenue	<u>4,375</u>	<u>256</u>	<u>345</u>	<u>791</u>	<u>5,767</u>	<u>(1,004)</u>	<u>4,763</u>
Operating results:							
Net interest income	3,113	8	2	(12)	3,111	-	3,111
Net fee and service income	1,138	237	342	249	1,966	(475)	1,491
Other operating income	124	11	1	554	690	(529)	161
Total operating income	<u>4,375</u>	<u>256</u>	<u>345</u>	<u>791</u>	<u>5,767</u>	<u>(1,004)</u>	<u>4,763</u>
Premises and equipment expenses and amortisation	(395)	(21)	(8)	(199)	(623)	249	(374)
Other operating expenses	(1,895)	(206)	(161)	(450)	(2,712)	783	(1,929)
Bad debts, doubtful accounts and impairment loss	(125)	-	-	-	(125)	-	(125)
Total operating expenses	<u>(2,415)</u>	<u>(227)</u>	<u>(169)</u>	<u>(649)</u>	<u>(3,460)</u>	<u>1,032</u>	<u>(2,428)</u>
Segment profit before income tax expenses	<u>1,960</u>	<u>29</u>	<u>176</u>	<u>142</u>	<u>2,307</u>	<u>28</u>	2,335
Income tax expenses							(459)
Non-controlling interests of the subsidiaries							2
Profit for the period - equity holders of the Company							<u>1,878</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2020

	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
Revenue							
External customers	12,232	641	1,094	3	13,970	-	13,970
Inter-segment	637	1	(44)	3,466	4,060	(4,060)	-
Total revenue	<u>12,869</u>	<u>642</u>	<u>1,050</u>	<u>3,469</u>	<u>18,030</u>	<u>(4,060)</u>	<u>13,970</u>
Operating results:							
Net interest income	9,827	8	3	(4)	9,834	4	9,838
Net fee and service income	2,745	628	1,042	800	5,215	(1,451)	3,764
Other operating income	297	6	5	2,673	2,981	(2,613)	368
Total operating income	<u>12,869</u>	<u>642</u>	<u>1,050</u>	<u>3,469</u>	<u>18,030</u>	<u>(4,060)</u>	<u>13,970</u>
Premises and equipment expenses and amortisation	(1,224)	(59)	(20)	(578)	(1,881)	815	(1,066)
Other operating expenses	(4,884)	(451)	(492)	(1,285)	(7,112)	2,286	(4,826)
Expected credit loss	(2,406)	-	-	(169)	(2,575)	15	(2,560)
Total operating expenses	<u>(8,514)</u>	<u>(510)</u>	<u>(512)</u>	<u>(2,032)</u>	<u>(11,568)</u>	<u>3,116</u>	<u>(8,452)</u>
Segment profit before income tax expenses	<u>4,355</u>	<u>132</u>	<u>538</u>	<u>1,437</u>	<u>6,462</u>	<u>(944)</u>	5,518
Income tax expenses							(1,091)
Non-controlling interests of the subsidiaries							-
Profit for the period - equity holders of the Company							<u>4,427</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2019

	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
Revenue							
External customers	12,480	612	1,037	(130)	13,999	-	13,999
Inter-segment	443	186	(29)	2,537	3,137	(3,137)	-
Total revenue	<u>12,923</u>	<u>798</u>	<u>1,008</u>	<u>2,407</u>	<u>17,136</u>	<u>(3,137)</u>	<u>13,999</u>
Operating results:							
Net interest income	9,304	21	4	(9)	9,320	-	9,320
Net fee and service income	3,249	718	999	736	5,702	(1,364)	4,338
Other operating income	370	59	5	1,680	2,114	(1,773)	341
Total operating income	<u>12,923</u>	<u>798</u>	<u>1,008</u>	<u>2,407</u>	<u>17,136</u>	<u>(3,137)</u>	<u>13,999</u>
Premises and equipment expenses and amortisation	(1,169)	(62)	(21)	(589)	(1,841)	747	(1,094)
Other operating expenses	(5,542)	(697)	(487)	(1,427)	(8,153)	2,355	(5,798)
Bad debts, doubtful accounts and impairment loss	(370)	-	-	-	(370)	(1)	(371)
Total operating expenses	<u>(7,081)</u>	<u>(759)</u>	<u>(508)</u>	<u>(2,016)</u>	<u>(10,364)</u>	<u>3,101</u>	<u>(7,263)</u>
Segment profit before income tax expenses	<u>5,842</u>	<u>39</u>	<u>500</u>	<u>391</u>	<u>6,772</u>	<u>(36)</u>	6,736
Income tax expenses							(1,328)
Non-controlling interests of the subsidiaries							(3)
Profit for the period - equity holders of the Company							<u>5,405</u>

(Unaudited but reviewed)

The following tables present total assets information regarding the Group's operating segments as at 30 September 2020 and 31 December 2019, respectively.

(Unit: Million Baht)

As at 30 September 2020							
	Commercial banking and lending business	Securities business	Asset management business	Support business	Total segments	Eliminations	Consolidated financial statements
Segment total assets	270,906	2,976	1,251	27,241	302,374	(26,425)	275,949
Premises and equipment - net	927	14	247	821	2,009	925	2,934

(Unit: Million Baht)

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

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

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Group does not have income from any clients amounting to or over 10 percent of its income.

4.36 Commitments and contingent liabilities

4.36.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	Consolidated financial statements as at	
	30 September 2020	31 December 2019
Other guarantees	534,300	482,094
Undrawn client overdraft facilities	20,000	46,439
Foreign exchange contracts	1,253,715	917,044
Others	2,214,785	548,509
Total	4,022,800	1,994,086

4.36.2 Litigation

As at 30 September 2020 and 31 December 2019, the subsidiaries have been sued for compensation totalling approximately Baht 334 million and Baht 314 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Group believes that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

4.36.3 Other commitments

- a) The subsidiary companies have commitments in relation to computer service agreements, whereby they are to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The subsidiary that operates a banking business has provided warranties in accordance with the terms of an agreement, related to the sale of a personal loan portfolio. The warranties cover a period of 3 years after the transfer date, to be expired in June 2021.

4.37 Fair value of financial instruments

As at 30 September 2020 and 31 December 2019, the Group has financial assets and liabilities that are measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	As at 30 September 2020				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Financial assets measured at fair value through profit or loss					
Equity securities	1,029	257	-	772	1,029
Unit trusts	916	865	51	-	916
Financial assets measured at fair value through other comprehensive income					
Debt securities	12,036	-	12,036	-	12,036

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2019					
Book Value	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Derivatives					
Foreign exchange contracts	22	-	22	-	22
Available-for-sale investments					
Equity securities	253	253	-	-	253
Debt securities	7,997	-	7,997	-	7,997
Unit trusts	896	837	59	-	896

(Unit: Million Baht)

Separate financial statements					
As at 30 September 2020					
Book Value	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Financial assets measured at fair value through profit or loss					
Unit trusts	865	865	-	-	865
Financial assets measured at fair value through other comprehensive income					
Debt securities	206	-	206	-	206

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2019					
Book Value	Fair Value			Total	
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Available-for-sale investments					
Unit trusts	837	837	-	-	837

Valuation techniques and inputs to Level 2 and Level 3 valuations

- a) The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association.
- b) The fair value of investments in non-marketable unit trusts has been determined by using the net asset value per unit as announced by the fund manager.
- c) The fair value of derivatives has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves.
- d) Investments in non-marketable equity instruments have been determined by using a discounted future cash flow and/or by using a book value of the investees.

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

5. Dividend payment

	Approved by	Dividend per share		Amounts of dividend paid (Million Baht)	Dividend payment period
		Preference share	Ordinary share		
		(Baht per share)	(Baht per share)		
Annual dividends for 2018	The 2019 Annual General Meeting of the Shareholders on 22 April 2019	7.00	7.00	5,604	May 2019
Total dividend payment in year 2019				<u>5,604</u>	
Interim dividends for 2019	The Meeting of the Board of Directors on 10 April 2020	7.75	7.75	6,205	May 2020
Total dividend payment in year 2020				<u>6,205</u>	

6. Reclassification

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	As at 31 December 2019	
	As reclassified	As previously reported
Statement of financial position		
Assets		
Other assets	2,340,175	2,501,180
Liabilities		
Other liabilities	8,659,142	8,820,147

7. Approval of interim financial statements

This interim financial statements was approved by the Company's Audit Committee on 12 November 2020.