

Advance Finance Public Company Limited
Report and financial statements
30 June 2021

Independent Auditor's Report

To the Shareholders of Advance Finance Public Company Limited

Report on Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of Advance Finance Public Company Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advance Finance Public Company Limited as at 30 June 2021, its financial performance and cash flows for the six-month period then ended in accordance with the Bank of Thailand's regulations and Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matters

I draw attention to Note 1.2, Note 4.23 and Note 13 to the financial statements regarding the COVID-19 pandemic impact on various businesses and industries. This situation could create uncertainties and may be impacting the Company's operating results and cash flows in the future. As a result, the Company 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 issued by the Federation of Accounting Professions. My opinion is not modified in respect of this matter.

Other Matter

The statement of financial position of Advance Finance Public Company Limited as at 31 December 2020, presented herein as comparative information, were audited by another auditor who expressed an unmodified opinion on those statements, under her report dated 19 February 2021. The statements of comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2020 of Advance Finance Public Company Limited, presented herein as comparative information, were also audited by the aforementioned auditor who concluded, under her report dated 28 August 2020.

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

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Review of Interim Financial Information

I have reviewed the accompanying statement of comprehensive income for the three-month period ended 30 June 2021 of Advance Finance Public Company Limited and notes to the financial statements (collectively “Interim financial information”) Management is responsible for the preparation and presentation of this interim financial information in accordance with the Bank of Thailand’s regulations and Thai Accounting Standard 34 Interim Financial Reporting. 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 the Bank of Thailand’s regulations and Thai Accounting Standard 34 Interim Financial Reporting.

Emphasis of Matters

I draw attention to Note 1.2, Note 4.23 and Note 13 to the financial statements regarding the COVID-19 pandemic impact on various businesses and industries. This situation could create uncertainties and may be impacting the Company’s operating results and cash flows in the future. As a result, the Company 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 issued by the Federation of Accounting Professions. My conclusion is not modified in respect of this matter.

Other Matter

The statement of financial position of Advance Finance Public Company Limited as at 31 December 2020, presented herein as comparative information, were audited by another auditor who expressed an unmodified opinion on those statements, under her report dated 19 February 2021. The statements of comprehensive income for the three-month period ended 30 June 2020 of Advance Finance Public Company Limited, presented herein as comparative information, were prepared by the Company's management and has not been reviewed by the auditor.



Saranya Pludsri

Certified Public Accountant (Thailand) No. 6768

EY Office Limited

Bangkok: 27 August 2021

Advance Finance Public Company Limited

Statement of financial position

As at 30 June 2021

		(Unit: Baht)	
	Note	30 June 2021	31 December 2020
Assets			
Interbank and money market items - net	9	1,440,179,905	2,660,831,687
Financial assets measured at fair value through profit or loss	10	279,581,940	352,478,910
Investments - net	11	3,878,937,137	4,472,723,690
Loans to customers and accrued interest receivables - net	12	4,245,089,924	4,299,682,951
Properties for sale - net	16	278,479,327	286,050,348
Leasehold improvement and equipment - net	17	7,857,150	9,600,204
Right-of-use assets - net	22	21,345,337	9,512,818
Intangible assets - net	18, 30	14,776,137	12,059,591
Deferred tax assets	38	32,702,025	6,172,435
Receivable from Legal Execution Department		24,089,150	34,030,850
Receivable from selling of investments		213,326,021	-
Other assets	19	17,804,702	20,072,406
Total assets		10,454,168,755	12,163,215,890

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

Advance Finance Public Company Limited

Statement of financial position (continued)

As at 30 June 2021

(Unit: Baht)

	Note	30 June 2021	31 December 2020
Liabilities and equity			
Liabilities			
Deposits	20, 30	5,839,226,896	5,549,225,666
Interbank and money market items	21	3,070,600,000	4,977,418,976
Accrued interest payable		19,157,642	29,922,397
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency payable		8,372,539	7,982,337
Lease liabilities - net	22	21,463,252	9,530,051
Provisions	23	20,188,226	19,891,072
Accrued expenses		9,022,304	5,435,284
Other liabilities	24	9,259,153	10,021,254
Total liabilities		8,997,290,012	10,609,427,037
Equity			
Share capital			
Authorised share capital			
1,250,000,000 ordinary shares, par value at Baht 1 per share		1,250,000,000	1,250,000,000
Issued and paid-up share capital			
1,250,000,000 ordinary shares, par value at Baht 1 per share		1,250,000,000	1,250,000,000
Other components of equity	25	(85,459,902)	6,027,973
Retained earnings			
Appropriated			
Legal reserve	28	30,020,568	30,020,568
Unappropriated		262,318,077	267,740,312
Total equity		1,456,878,743	1,553,788,853
Total liabilities and equity		10,454,168,755	12,163,215,890

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

P. Wong-ht

Mong

Directors



บริษัทเงินทุน แอดวานซ์ จำกัด (มหาชน)
Advance Finance Public Company Limited

Advance Finance Public Company Limited
Statement of comprehensive income
For the three-month period ended 30 June 2021

		(Unit: Baht)	
	Note	2021	2020
		(Unaudited but reviewed)	(Unaudited and unreviewed)
Profit or loss			
Interest income	32	92,698,478	99,654,482
Interest expense	33	28,676,927	27,991,092
Net interest income		64,021,551	71,663,390
Fees and service income	34	399,455	229,391
Net fees and service income		399,455	229,391
Net gains (losses) on financial instruments measured at fair value through profit or loss	35	(13,034,686)	11,185,000
Net losses on investments	36	(19,371,152)	(5,123,295)
Dividend income		2,593,988	2,459,646
Other operating income		4,017,481	966,402
Total operating income		38,626,637	81,380,534
Other operating expenses			
Employee's expenses	30	18,202,702	19,837,454
Directors' remuneration	30	852,500	1,209,167
Premises and equipment expenses		4,570,091	4,990,523
Taxes and duties		2,890,276	3,161,556
Others		3,794,657	29,409,629
Total other operating expenses		30,310,226	58,608,329
Expected credit losses	37	25,594,761	11,467,158
Profit (loss) from operating before income tax expense		(17,278,350)	11,305,047
Income tax expense (income)	38	(4,186,092)	3,168,543
Profit (loss) for the period		(13,092,258)	8,136,504

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

Advance Finance Public Company Limited
Statement of comprehensive income (continued)
For the three-month period ended 30 June 2021

		(Unit: Baht)	
	Note	2021	2020
		(Unaudited but reviewed)	(Unaudited and unreviewed)
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on investments in debt securities measured at fair value through other comprehensive income		106,450,147	58,924,886
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	38	(21,290,030)	(11,679,347)
		<u>85,160,117</u>	<u>47,245,539</u>
<i>Items that will not be reclassified to profit or loss</i>			
Gains on investments in equity securities measured at fair value through other comprehensive income		-	64,516
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	38	-	(12,903)
		<u>-</u>	<u>51,613</u>
Total other comprehensive income - net of income tax		<u>85,160,117</u>	<u>47,297,152</u>
Total comprehensive income for the period		<u><u>72,067,859</u></u>	<u><u>55,433,656</u></u>
Earnings per share (loss)	39		
Basic earnings per share (loss)		<u>(0.010)</u>	<u>0.007</u>

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

Advance Finance Public Company Limited
Statement of comprehensive income
For the six-month period ended 30 June 2021

		(Unit: Baht)	
	Note	2021	2020
Profit or loss			
Interest income	32	189,411,544	198,219,012
Interest expense	33	58,101,785	52,477,602
Net interest income		131,309,759	145,741,410
Fees and service income	34	730,982	440,501
Net fees and service income		730,982	440,501
Net losses on financial instruments measured at fair value through profit or loss	35	(3,339,488)	(17,730,842)
Net losses on investments	36	(11,136,568)	(5,123,295)
Dividend income		6,597,128	5,698,776
Other operating income		5,941,273	1,029,846
Total operating income		130,103,086	130,056,396
Other operating expenses			
Employee's expenses	30	38,188,892	43,708,263
Directors' remuneration	30	1,760,000	2,304,359
Premises and equipment expenses		9,283,091	10,814,112
Taxes and duties		6,154,755	6,373,559
Others		7,650,009	33,220,478
Total other operating expenses		63,036,747	96,420,771
Expected credit losses	37	50,408,242	280,206
Profit from operating before income tax expense		16,658,097	33,355,419
Income tax expense	38	2,830,332	7,333,678
Profit for the period		13,827,765	26,021,741

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

Advance Finance Public Company Limited

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2021

		(Unit: Baht)	
	Note	2021	2020
Other comprehensive income (loss)			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on investments in debt securities measured at fair value through other comprehensive income		(114,359,843)	(23,182,905)
Income tax relating to components of other comprehensive income	38		
(loss) will not be reclassified subsequently to profit or loss		22,871,968	4,742,211
		(91,487,875)	(18,440,694)
<i>Items that will not be reclassified to profit or loss</i>			
Gains on investments in equity securities measured at fair value through other comprehensive income		-	64,516
Income tax relating to components of other comprehensive income	38		
loss will not be reclassified subsequently to profit or loss		-	(12,903)
		-	51,613
Total other comprehensive income (loss) - net of income tax		(91,487,875)	(18,389,081)
Total comprehensive income (loss) for the period		(77,660,110)	7,632,660
Earnings per share	39		
Basic earnings per share		0.01	0.02

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

Advance Finance Public Company Limited

Statement of changes in equity

For the six-month period ended 30 June 2021

(Unit: Baht)

	Note	Other components of equity			Retained earnings		
		Issued and paid-up share capital	Gains (losses) on revaluation of investments in debt securities measured at fair value through other comprehensive income	Gains (losses) on revaluation of investments in equity securities measured at fair value through other comprehensive income	Legal reserve	Unappropriated	Total
Balance as at 1 January 2020		1,250,000,000	-	-	28,093,568	252,006,869	1,530,100,437
Dividend paid	29	-	-	-	-	(25,000,000)	(25,000,000)
Profit for the period			-	-	-	26,021,741	26,021,741
Other comprehensive income for the period (loss)			(18,440,694)	51,613	-	-	(18,389,081)
Total comprehensive income for the period (loss)			(18,440,694)	51,613	-	26,021,741	7,632,660
Balance at 30 June 2020		1,250,000,000	(18,440,694)	51,613	28,093,568	253,028,610	1,512,733,097
Balance as at 1 January 2021		1,250,000,000	6,027,973	-	30,020,568	267,740,312	1,553,788,853
Dividend paid	29	-	-	-	-	(19,250,000)	(19,250,000)
Profit for the period			-	-	-	13,827,765	13,827,765
Other comprehensive income for the period (loss)			(91,487,875)	-	-	-	(91,487,875)
Total comprehensive income for the period (loss)			(91,487,875)	-	-	13,827,765	(77,660,110)
Balance at 30 June 2021		1,250,000,000	(85,459,902)	-	30,020,568	262,318,077	1,456,878,743

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

Advance Finance Public Company Limited
Statement of cash flows
For the six-month period ended 30 June 2021

	(Unit: Baht)	
	2021	2020
Cash flows from operating activities		
Profit from operating before income tax expense	16,658,097	33,355,419
Adjustments to reconcile profit from operating before income tax expense to net cash received (paid) from operating activities		
Depreciation and amortisation	8,105,857	5,861,356
Expected credit losses	50,408,241	280,206
Net losses on financial instruments measured at fair value through profit or loss	3,339,488	17,730,842
Net losses on investments	11,136,568	5,123,295
Gains on disposal of properties for sale	(2,074,257)	(316,246)
Losses from disposal of intangible assets	-	23,499,230
Employee benefit expense	1,596,504	1,659,280
Net interest income	(131,309,759)	(145,741,410)
Dividend income	(6,597,128)	(5,698,776)
Proceeds from interest	144,471,253	120,706,618
Interest paid	(68,238,921)	(50,760,360)
Proceeds from dividend	6,597,128	5,698,776
Income tax paid	(1,377,411)	(794,077)
Profit from operating before changes in operating assets and liabilities	32,715,660	10,604,153
Decrease (increase) in operating assets		
Interbank and money market items	1,220,599,664	508,657,117
Loans to customers	51,406,440	263,794,679
Properties for sale	9,645,278	(22,791,042)
Receivable from Legal Execution Department	9,941,700	(16,154,100)
Other assets	(829,439)	(2,108,665)
Increase (decrease) in operating liabilities		
Deposits	290,001,230	589,601,754
Interbank and money market items	(1,906,818,976)	1,210,649,887
Provisions	(1,645,288)	(660,000)
Accrued expenses	(2,236,652)	(1,636,893)
Other liabilities	(2,900,333)	(344,068)
Net cash provided by (used in) operating activities	(300,120,716)	2,539,612,822

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

Advance Finance Public Company Limited
Statement of cash flows (continued)
For the six-month period ended 30 June 2021

	(Unit: Baht)	
	2021	2020
Cash flows from investing activities		
Acquisition of investment in equity securities	(262,212,313)	(258,180,842)
Proceeds from sale of investment in equity securities	333,908,028	2,500,000
Acquisition of investment in debt securities	(253,758,954)	(3,053,769,785)
Proceeds from redemption of debt securities	509,349,029	794,876,705
Acquisition of equipment	(181,769)	(38,900)
Acquisition of intangible assets	(3,924,558)	-
Net cash provided by (used in) investing activities	323,179,463	(2,514,612,822)
Cash flows from financing activities		
Dividend paid	(18,536,871)	(25,000,000)
Cash paid on lease liabilities	(4,521,876)	-
Net cash used in financing activities	(23,058,747)	(25,000,000)
Net increase in cash	-	-
Cash as at 1 January	-	30,000
Cash as at 30 June	-	30,000
Supplement cash flow information		
Non-cash items		
Right-of-use assets	16,217,659	-
Receivable from selling of investments	213,326,021	-
Payable from purchase of investments	2,138,169	853,545,203

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

Advance Finance Public Company Limited

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Advance Finance Public Company Limited

Notes to financial statements

For the three-month period and six-month period ended 30 June 2021

1. General information

1.1 Corporate information

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

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

The Company’s major shareholders as at 30 June 2021 were The Brooker Group Public Company Limited (10% shareholding), which was incorporated in Thailand, Miss Kantima Pornsriniyom (10% shareholding), Mr. Amorn Saphaweeikul (10% shareholding) and Mr. Somphote Ahunai (10% shareholding).

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is impacting various businesses and industries. This situation could create uncertainties, and this may be impacting the operating results and cash flows in the future of the Company. The impact cannot be reasonably estimated at this stage. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, including the cash flow management of the Company and has used estimates and judgement in respect of various issues in order to continuously assessed the impact as the situation has evolved.

2. Basis of preparation of the financial statements

Financial statements for the six-month period ended 30 June 2021 were prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, Accounting Guidance announced by the Federation of Accounting Professions and accounting practices generally accepted in Thailand including the relevant regulations stipulated by the Bank of Thailand (BOT). The presentation of the financial statements has been made in compliance with the BOT’s notification No. Sor Nor Sor. 22/2561 regarding “The preparation and announcement of the financial statements of a finance companied and a credit foncier companies”, dated 31 October 2018.

The statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2021 were prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting", whereby the Company chose to present statements of comprehensive income and notes to the financial statements in the full format, as presented in the annual financial statements.

The statements of comprehensive income for the three-month period ended 30 June 2020 has been prepared by the Company's management.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding the summary of significant accounting policies.

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

3. New financial reporting standards

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

During the period, the Company has adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statement.

b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

Management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statement.

4. Significant accounting policies

4.1 Interest and discounts on loans

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than credit-impaired financial assets, the Company estimates future cash flows considering all contractual terms of the financial instruments, excluding expected credit loss.

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

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

Calculation of interest income and expense

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

However, for financial asset that have become credit-impaired subsequent to initial recognition the Company 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 Company reverts to calculating interest income on a gross carrying amount.

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

Interest income and dividend income on investments

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

4.2 Fees and service income

Fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Company expects to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition at a point in time or over time, except fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability.

4.3 Expense recognition

Expenses are recognised on an accrual basis.

4.4 Net gains (losses) on financial instruments measured at fair value through profit or loss

Net gain (losses) on financial instruments measured at fair value through profit or loss comprises gains less losses related to trading, fair value measurement or transfer of financial assets measured at fair value through profit or loss. The Company recognises them as revenues or expenses on the measurement or transaction dates.

4.5 Cash

Cash comprises cash on hand.

4.6 Financial instruments

Recognition and initial measurement

The Company initially recognises loans to customers and deposits when they are originated. All other financial instruments are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets or financial liabilities that are not measured at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

Classification and subsequent measurement

Financial assets - classification

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

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

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

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

A debt instrument shall be classified as a financial asset measured at fair value through other comprehensive income only if it meets both of the following conditions and is not designated as at FVTPL:

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

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

All financial assets are not classified as a financial asset measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - assessment whether contractual cash flows are solely payments of principal and interest on the principal amount outstanding

For the purposes of this assessment,

'Principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

- contingent events that would change the amount and timing of cash flows;
- terms that may adjust the contractual coupon rate, including floating rate; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets - subsequent measurement and gains and losses

Financial assets measured at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, including any interest and dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method net of allowance for expected credit loss (if any). Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments measured at FVOCI	These assets are subsequently measured at fair value. The unrealised gains or losses from change in fair value are recognised in other comprehensive income. Upon derecognition or disposal, the cumulative fair value change is recognised in other comprehensive income is recycled to profit or loss. Gains or losses on exchange rate, the expected credit losses, and interest income calculated using the effective interest rate method are recognised in profit or loss.
Equity investments measured at FVOCI	These assets are subsequently measured at fair value. Gains or losses arising from changes in fair value is recognised in other comprehensive income and not subsequently recycled to profit or loss when disposal, instead, it is transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial liabilities - classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as liabilities measured at FVTPL if it is classified as held-for-trading or designated as at fair value on initial recognition. Financial liabilities classified as FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and exchange gain loss are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition of financial instruments

Financial assets

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

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

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

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Modifications of financial assets and financial liabilities

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Allowance for expected credit losses of financial assets

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

- financial assets that are debt instruments such as interbank and money market items (asset), loans to customers and investments in debt instruments;
- lease receivables; and
- loan commitments issued and financial guarantee

No impairment loss is recognised on investments in equity instruments.

Measurement of expected credit losses

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

A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

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

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

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

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

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

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

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

- financial assets that are not credit-impaired at the reporting date: The measurement of expected credit losses is the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);
- financial assets that are credit-impaired at the reporting date: The measurement of expected credit losses is the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: The measurement of expected credit losses is the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive. The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Company expects to recover.

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

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

Staging

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

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

Financial assets where there has not been a significant increase in credit risk (SICR) since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instruments that considered to have low credit risk at each reporting date. The allowance for expected credit losses is the amount equal to the expected credit losses in the next 12 months. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under Performing)

When financial assets have a significant increase in credit risk since initial recognition but are not credit-impaired, allowance for expected credit losses are recognised for possible default events over the lifetime of the financial assets. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and expert credit assessment and including forward-looking information.

Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets. Evidence of credit-impaired financial assets includes arrears of over 90 days past due or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

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

Financial assets that are credit-impaired require a lifetime provision.

Improvement in credit risk

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets that are credit-impaired (stage 3), and have not been subject to modification, a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

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

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the transfer criteria is no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, these factors must be resolved or operating results must be met by the conditions set by the Company before loans are reclassified to stage 1.

Presentation of allowance for expected credit losses in the statement of financial position

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

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

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

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

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

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

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

4.8 Properties for sale

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

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

4.9 Leasehold improvement and equipment

Recognition and measurement

Owned assets

Leasehold improvement and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

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

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

The Company derecognises leasehold improvement and equipment upon disposal or when no future economic benefits are expected from its use or disposal.

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on assets under installation.

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

4.10 Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

No amortisation is provided on assets under installation.

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

4.11 Impairment of non-financial assets

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

4.12 Employee benefits

Post - employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

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

4.13 Provisions

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

4.14 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

4.15 Contributions to Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

4.16 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.17 Loan commitments

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

4.18 Income tax

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

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.19 Earnings per share

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

4.20 Related parties

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

4.21 Segment reporting

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

4.22 Right-of-use assets/Lease liabilities

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in TFRS 16.

Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

Lease liabilities

At the commencement date of lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted using the Company incremental borrowing rate. The lease payments include fixed payments less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under a residual value guarantee.

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

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.

4.23 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 Bank of Thailand 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 Bank of Thailand 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 Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures specified 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 situations that affect the Thai economy with the helping period during the period from 1 January 2020 to 31 December 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

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

An entity provides assistance to affected debtors in accordance with the Bank of Thailand's guidelines applies these following procedures.

- Loans that are not yet non-performing (Non-NPL) are classified as loans where there has not been a 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. Such 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, stage classification of the debtor remains at the same stage as before.
- Non-performing loans (NPL) are classified as performing loans if the debtor is able to make repayment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to support liquidity and enable the debtor to continue run its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support its repayment or if, considering other factors, the debtor has ability to repay its debts.
- The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 relating to assessment of whether there has been a significant increase in credit risk are initially applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.

- A newly calculated effective interest rate is applied to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, 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, an entity recognises its interest income during the repayment holiday using the new calculated effective interest rate, or set out by Bank of Thailand's guidelines if there are changes.
- Consideration is given to placing less weighted on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

In addition, on 19 June 2020 and 14 May 2021 the BoT issued the circular of the BoT No. Phor.Nor.Sor.(01)Vor. 648/2563 "Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 2" and BoT No. GorPorNor.Wor. 480/2564 "Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 3". This is to provide additional assistance to debtors. The Company entered into schemes to provide assistance to debtors and has applied the Accounting Guidances.

5. Significant accounting judgements and estimates

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

5.1 Allowance for expected credit loss on financial assets including loan commitments issued and financial guarantee

The management is required to use judgement in estimating the allowance for expected credit loss of loans to customers and accrued interest receivables, together with loan commitments and financial guarantee contracts. 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.

5.2 Allowance for impairment on investments

The Company treats investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” and “prolonged” requires management’s judgement.

5.3 Recognition and derecognition assets and liabilities

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

5.4 Leases

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate

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

5.5 Fair value of financial instruments

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

5.6 Leasehold improvement and equipment / Depreciation

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

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

5.7 Intangible assets

The initial recognition and measurement of intangible assets, including subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 Deferred tax assets

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

5.9 Post-employment benefits under defined benefit plans

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

5.10 Contingent liabilities and Litigation

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

5.11 Allowance for impairment of properties for sale

The Company assess allowance for impairment of properties for sale when their net realisable value is below their carrying value. The management uses judgement in estimating impairment loss, taking into account changes in the value of an asset, appraisal value, the type and quality of the asset, how long it is expected to take to dispose of the asset and changes in economic circumstances.

6. Financial risk management

Risk management framework

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

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Oversight Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

6.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer and or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally granting loans.

Credit policies/Framework

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

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

Credit approval process

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

Credit review process

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

6.1.1 Exposure to credit risk

The following table provides information about the exposure to credit risk and expected credit losses for loans to customers without taking into account of any collateral held or other credit enhancements.

(Unit: Baht)				
30 June 2021				
	Stage 1	Stage 2	Stage 3	Total
Interbank and money market items (assets)				
Investment grade	1,440,208,842	-	-	1,440,208,842
Non-investment grade	-	-	-	-
Total	1,440,208,842	-	-	1,440,208,842
<u>Less</u> Allowance for expected credit losses	(28,937)	-	-	(28,937)
Net book value	1,440,179,905	-	-	1,440,179,905
 Loans to customers and accrued interest				
Not yet due	2,741,171,088	136,153,935	10,942,256	2,888,267,279
Overdue 1 - 30 days	95,148,827	-	4,884,566	100,033,393
Overdue 31 - 60 days	-	-	67,395,889	67,395,889
Overdue 61 - 90 days	-	5,486,362	7,142,538	12,628,900
More than 90 days	-	-	1,436,791,589	1,436,791,589
Total	2,836,319,915	141,640,297	1,527,156,838	4,505,117,050
<u>Less:</u> Allowance for expected credit losses	(27,922,701)	(2,405,642)	(229,698,783)	(260,027,126)
Net book value	2,808,397,214	139,234,655	1,297,458,055	4,245,089,924
 Loan commitments				
Loan commitments	252,387,471	-	-	252,387,471
<u>Less</u> Allowance for expected credit losses	(1,402,421)	-	-	(1,402,421)
Net book value	250,985,050	-	-	250,985,050

(Unit: Baht)

31 December 2020				
	Stage 1	Stage 2	Stage 3	Total
Interbank and money market items (assets)				
Investment grade	2,660,859,132	-	-	2,660,859,132
Non-investment grade	-	-	-	-
Total	2,660,859,132	-	-	2,660,859,132
<u>Less</u> Allowance for expected credit losses	(27,445)	-	-	(27,445)
Net book value	2,660,831,687	-	-	2,660,831,687
Loans to customers and accrued interest				
Not yet due	2,396,586,227	147,171,433	77,561,662	2,621,319,322
Overdue 1 - 30 days	311,007,679	3,248,458	2,178,977	316,435,114
Overdue 31 - 60 days	-	171,813,560	-	171,813,560
Overdue 61 - 90 days	-	89,090,462	-	89,090,462
More than 90 days	-	-	1,314,598,247	1,314,598,247
Total	2,707,593,906	411,323,913	1,394,338,886	4,513,256,705
Less: Allowance for expected credit losses	(28,071,192)	(11,387,579)	(174,114,983)	(213,573,754)
Net book value	2,679,522,714	399,936,334	1,220,223,903	4,299,682,951
Loan commitments				
Loan commitments	170,669,691	21,536,614	-	192,206,305
<u>Less</u> Allowance for expected credit losses	(1,056,483)	-	-	(1,056,483)
Net book value	169,613,208	21,536,614	-	191,149,822

Exposure to credit risk of investments in debt instruments measured at fair value through other comprehensive income as at 30 June 2021 and 31 December 2020. The analysis has been based on Moody's Investors Service, Fitch Ratings (Thailand) Limited and Tris Rating Co., Ltd. which provide same credit rating.

(Unit: Baht)

30 June 2021				
	Stage 1	Stage 2	Stage 3	Total
Government bonds				
Rated BBB+	3,762,439,097	-	-	3,762,439,097
Corporate bonds				
Rated AA- to AA+	27,491,268	-	-	27,491,268
Rated A- to A+	89,006,772	-	-	89,006,772

(Unit: Baht)

	31 December 2020			
	Stage 1	Stage 2	Stage 3	Total
Government bonds				
Rated BBB+	4,057,002,067	-	-	4,057,002,067
Corporate bonds				
Rated AA- to AA+	81,394,902	-	-	81,394,902
Rated A- to A+	334,326,721	-	-	334,326,721

6.1.2 Collateral held and other credit enhancements

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

The following table sets out the types of collateral held against different types of financial assets as at 30 June 2021 and 31 December 2020.

(Unit: Baht)

Type of credit exposure	Note	30 June 2021	31 December 2020	Type of collateral held
Credit risk exposure of financial assets on-financial reporting				
Loans to customers and accrued interest receivables	12			
- Loans to retail customers		297,575,522	315,104,881	Land, land and buildings, residential property and certificates of deposit
- Loans to corporate customers		4,195,851,680	4,188,619,114	Land, land and buildings, residential property, shares, machines, vehicles and certificates of deposit
- Hire-purchase loans		11,689,848	9,532,710	Vehicles
Investments in debt instruments	11	3,878,937,137	4,472,723,690	None

(Unit: Baht)

Type of credit exposure	Note	30 June 2021	31 December 2020	Type of collateral held
Credit risk exposure of financial assets on-financial reporting				
Other contingencies	26			
- Other guarantee		53,619,752	53,619,752	Land, land and buildings, machines and certificates of deposit
- Committed line		252,387,471	192,206,305	Land, land and buildings and machines

Residential mortgage lending

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

(Unit: Baht)

	30 June 2021	31 December 2020
LTV ratio		
Stage 1 and stage 2		
Less than 50%	56,126,107	61,184,629
51-70%	145,632,896	158,872,111
More than 70%	42,826,866	45,984,947
Total	244,585,869	266,041,687
Credit-impaired loans		
Less than 50%	2,560,594	2,600,188
51-70%	19,890,630	14,467,908
More than 70%	20,855,562	20,995,008
Total	43,306,786	38,063,104

Loans to corporate customers and hire-purchase loans

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

The following table sets out the carrying amount of loans to corporate customers and hire-purchase loans and the value of pledged collaterals.

	(Unit: Baht)	
	30 June 2021	
	Carrying amount	Collateral*
Stage 1 and Stage 2	2,701,653,658	2,708,034,402
Stage 3	1,264,540,375	1,500,687,821

	(Unit: Baht)	
	31 December 2020	
	Carrying amount	Collateral*
Stage 1 and Stage 2	2,817,449,637	2,808,021,986
Stage 3	1,191,019,302	1,357,875,680

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

6.1.3 Information related to Expected Credit losses

Significant increase in credit risk (SICR)

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

Corporate customers and hire-purchase loans

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

Retail customers

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

Default

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

Quantitative indicators

- the borrower has an overdue of principal and/or interest more than 90 days or 3 months past due in an earlier of on any material credit obligation or on the date of call by the Company, including the borrower's credit facility is cancelled or is at maturity date.

Qualitative indicators

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

Credit risk grade

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

Concentrations of credit risk

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

	(Unit: Baht)		
	30 June 2021		
	Loans to customers	Investments in debt instruments	Loan commitments
Gross carrying amount	4,505,117,050	-	-
Investments in debt instruments	-	3,878,937,137	-
Loan commitments	-	-	252,387,471

Concentration by sector

Corporate

Manufacturing and commerce	778,332,226	-	22,005,819
Property development and construction	2,619,763,848	-	90,381,652
Infrastructure and services	797,755,606	116,498,040	140,000,000

Retail

Housing loans	287,892,654	-	-
Secured personal loans	9,682,868	-	-
Hire-purchase loans	11,689,848	-	-
Government	-	3,762,439,097	-
Financial institutions	-	-	-

(Unit: Baht)

	31 December 2020		
	Loans to customers	Investments in debt instruments	Loan commitments
Gross carrying amount	4,513,256,705	-	-
Investments in debt instruments	-	4,472,723,690	-
Loan commitments	-	-	192,206,305
<i>Concentration by sector</i>			
Corporate			
Manufacturing and commerce	886,134,076	-	31,000,004
Property development and construction	2,610,605,001	-	161,206,301
Infrastructure and services	691,880,037	217,790,141	-
Retail			
Housing loans	304,104,791	-	-
Secured personal loans	11,000,090	-	-
Hire-purchase loans	9,532,710	-	-
Government	-	4,057,002,067	-
Financial institutions	-	197,931,482	-

6.2 Liquidity risk

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

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

The following tables set out significant cash flows by the remaining contractual maturities at the reporting date:

(Unit: Baht)

30 June 2021								
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
Financial assets								
Interbank and money market items *	140,208,842	1,300,000,000	-	-	-	-	-	1,440,208,842
Financial assets measured at fair value through profit or loss	-	-	-	-	-	279,581,940	-	279,581,940
Investments - net	-	-	-	36,921,147	3,842,015,990	-	-	3,878,937,137
Loans to customers	-	316,942,402	517,700,312	1,784,470,360	335,795,230	-	1,377,389,446	4,332,297,750
Accrued interest receivables and undue interest receivables	-	23,051,908	-	-	-	-	149,767,392	172,819,300
Total	140,208,842	1,639,994,310	517,700,312	1,821,391,507	4,177,811,220	279,581,940	1,527,156,838	10,103,844,969
Financial liabilities								
Deposits	-	1,920,840,141	1,792,054,647	2,126,332,108	-	-	-	5,839,226,896
Interbank and money market items	-	2,158,500,000	671,900,000	240,200,000	-	-	-	3,070,600,000
Lease liabilities	-	2,142,488	6,395,647	12,925,117	-	-	-	21,463,252
Total	-	4,081,482,629	2,470,350,294	2,379,457,225	-	-	-	8,931,290,148

* Before deducting allowance for expected credit losses amounting to Baht 28,937

(Unit: Baht))

31 December 2020								
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-Performing Loans	Total
Financial assets								
Interbank and money market items *	220,859,132	2,440,000,000	-	-	-	-	-	2,660,859,132
Financial assets measured at fair value through profit or loss	-	-	-	-	-	352,478,910	-	352,478,910
Investments - net	-	-	-	229,060,386	4,243,663,304	-	-	4,472,723,690
Loans to customers	-	97,500,422	1,031,797,248	1,585,137,977	373,709,058	-	1,299,591,509	4,387,736,214
Accrued interest receivables and undue interest receivables	-	31,085,142	-	-	-	-	94,435,349	125,520,491
Total	220,859,132	2,568,585,564	1,031,797,248	1,814,198,363	4,617,372,362	352,478,910	1,394,026,858	11,999,318,437
Financial liabilities								
Deposits	-	935,134,705	4,224,818,242	389,272,719	-	-	-	5,549,225,666
Interbank and money market items	-	4,189,868,976	476,250,000	311,300,000	-	-	-	4,977,418,976
Lease liabilities	-	812,104	2,408,168	6,309,779	-	-	-	9,530,051
Total	-	5,125,815,785	4,703,476,410	706,882,498	-	-	-	10,536,174,693

* Before deducting allowance for expected credit losses amounting to Baht 27,445

6.3 Market risk

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

6.3.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates that will affect the results of the Company's operation and its cash flows.

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

Exposure to interest rate risk were as follows:

(Unit: Baht)

	30 June 2021				
	Floating rate	Fixed rate	Non-interest bearing	Non-Performing Loans	Total
Financial assets					
Interbank and money market items*	42,949,583	1,300,000,000	97,259,259	-	1,440,208,842
Financial assets measured at fair value				-	
through profit or loss	-	-	279,581,940		279,581,940
Investments - net	-	3,878,937,137	-	-	3,878,937,137
Loans to customers	2,883,620,255	71,288,049	-	1,377,389,446	4,332,297,750
Total	2,926,569,838	5,250,225,186	376,841,199	1,377,389,446	9,931,025,669
Financial liabilities					
Deposits	-	5,839,226,896	-	-	5,839,226,896
Interbank and money market items	-	3,070,600,000	-	-	3,070,600,000
Lease liabilities	-	21,463,252	-	-	21,463,252
Total	-	8,931,290,148	-	-	8,931,290,148

* Before deducting allowance for expected credit losses amounting to Baht 28,937

(Unit: Baht)

31 December 2020					
	Floating rate	Fixed rate	Non-interest bearing	Non-Performing Loans	Total
Financial assets					
Interbank and money market items*	7,849,126	2,440,000,000	213,010,006	-	2,660,859,132
Financial assets measured at fair value				-	
through profit or loss	-	-	352,478,910		352,478,910
Investments - net	-	4,472,723,690	-	-	4,472,723,690
Loans to customers	3,076,880,394	11,264,311	-	1,299,591,509	4,387,736,214
Total	3,084,729,520	6,923,988,001	565,488,916	1,299,591,509	11,873,797,946
Financial liabilities					
Deposits	-	5,549,225,666	-	-	5,549,225,666
Interbank and money market items	-	4,977,418,976	-	-	4,977,418,976
Lease liabilities	-	9,530,051	-	-	9,530,051
Total	-	10,536,174,693	-	-	10,536,174,693

* Before deducting allowance for expected credit losses amounting to Baht 27,445

The following tables set out the interest repricing periods:

30 June 2021					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets					
Interbank and money market items	1,300,000,000	-	-	-	1,300,000,000
Investments - net	-	-	36,921,147	3,842,015,990	3,878,937,137
Loans to customers	-	-	69,636,959	1,651,090	71,288,049
Total	1,300,000,000	-	106,558,106	3,843,667,080	5,250,225,186
Financial liabilities					
Deposits	1,920,840,141	1,792,054,647	2,126,332,108	-	5,839,226,896
Interbank and money market items	2,158,500,000	671,900,000	240,200,000	-	3,070,600,000
Lease liabilities	2,142,488	6,395,647	12,925,117	-	21,463,252
Total	4,081,482,629	2,470,350,294	2,379,457,225	-	8,931,290,148

(Unit: Baht)

31 December 2020					
	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
Financial assets					
Interbank and money market items	2,440,000,000	-	-	-	2,440,000,000
Investments - net	-	-	229,060,386	4,243,663,304	4,472,723,690
Loans to customers	-	29,447	-	11,234,864	11,264,311
Total	2,440,000,000	29,447	229,060,386	4,254,898,168	6,923,988,001
Financial liabilities					
Deposits	935,134,705	4,224,818,242	389,272,719	-	5,549,225,666
Interbank and money market items	4,189,868,976	476,250,000	311,300,000	-	4,977,418,976
Lease liabilities	-	-	9,530,051	-	9,530,051
Total	5,125,003,681	4,701,068,242	710,102,770	-	10,536,174,693

Sensitivity Analysis

The Company uses a number of sensitivity measurements to monitor the market risk in a trading book. The key measurement is PV01. PV01 is used to monitor interest rate risk in which it measures the impact on portfolio value due to the increase in interest rate of 1 basis point. The methodology and parameters that the Company used to calculate these sensitivity measurements are in accordance with international standard whereby the measurement are different in current detail. The key sensitivities are as follow:

(Unit: Baht)

	Interest rate sensitivities (PV01)	
	30 June 2021	31 December 2020
THB	2,948,533	3,571,563
Total	2,948,533	3,571,563

6.3.2 Foreign exchange risk

The Company is not exposed to foreign currency risk as there is no foreign currency transaction.

6.3.3 Equity price risk

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

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

7. Maintenance of capital fund

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

	(Unit: Baht)	
	30 June 2021	31 December 2020
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	1,250,000,000	1,250,000,000
Legal reserve	30,020,568	28,093,568
Net income after appropriation	248,490,313	231,138,701
Other components of equity	(85,459,902)	6,027,973
Others	5,904,630	7,872,840
Capital deduction items on common equity Tier 1	(47,478,162)	(18,232,026)
Total Tier 1 capital	1,401,477,447	1,504,901,056
Tier 2 capital		
General provision	-	-
Total Tier 2 capital	-	-
Total capital funds	1,401,477,447	1,504,901,056
Total risk-weighted assets	6,290,993,610	6,441,197,157

(Unit: percent)

	The BoT's regulation minimum requirement*	30 June 2021	The BoT's regulation minimum requirement	31 December 2020
The ratio of total capital funds risk assets	11.000	22.28	10.375	23.36
The ratio of total Tier 1 capital fund to risk assets	8.500	22.28	7.875	23.36
The ratio of Common Equity Tier 1 capital fund to risk asset	7.000	22.28	6.375	23.36
The ration of Tier 2 capital fund to risk assets	-	-	-	-

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

As at 30 June 2021 and 31 December 2020, the Company had no add-on arising from Single Lending Limit.

Disclosures of capital maintenance information under the BoT's notification number Sor Nor Sor 5/2556 dated 2 May 2013 regarding to Disclosures Requirement on Capital Adequacy for a Financial Group and the BoT's notification number Sor Nor Sor 15/2562 dated 7 May 2019, regarding to Disclosure Requirement on Capital Adequacy for a Financial Group (Volumn2) were as follows:

Location of disclosure	The Company's website under Investor Relations section at http://www.advancefin.com
Disclosure period requirement	Within 4 months after the year ended as indicated in the BoT's notification
Latest information as at	30 June 2021

Capital management

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

8. Classification of financial assets and financial liabilities

(Unit: Baht)

	30 June 2021			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<i>Financial assets</i>				
Interbank and money market items - net	-	-	1,440,179,905	1,440,179,905
Financial assets measured at fair value through profit or loss	279,581,940	-	-	279,581,940
Investments - net	-	3,878,937,137	-	3,878,937,137
Loans to customers and accrued interest receivables - net	-	-	4,245,089,924	4,245,089,924
Total	<u>279,581,940</u>	<u>3,878,937,137</u>	<u>5,685,269,829</u>	<u>9,843,788,906</u>
<i>Financial liabilities</i>				
Deposits	-	-	5,839,226,896	5,839,226,896
Interbank and money market items	-	-	3,070,600,000	3,070,600,000
Lease liabilities - net	-	-	21,463,252	21,463,252
Total	<u>-</u>	<u>-</u>	<u>8,931,290,148</u>	<u>8,931,290,148</u>

(Unit: Baht)

31 December 2020				
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
Financial assets				
Interbank and money market items - net	-	-	2,660,831,687	2,660,831,687
Financial assets measured at fair value through profit or loss	352,478,910	-	-	352,478,910
Investments - net	-	4,472,723,690	-	4,472,723,690
Loans to customers and accrued interest receivables - net	-	-	4,299,682,951	4,299,682,951
Total	352,478,910	4,472,723,690	6,960,514,638	11,785,717,238
Financial liabilities				
Deposits	-	-	5,549,225,666	5,549,225,666
Interbank and money market items	-	-	4,977,418,976	4,977,418,976
Lease liabilities - net	-	-	9,530,051	9,530,051
Total	-	-	10,536,174,693	10,536,174,693

9. Interbank and money market items - net (assets)

	(Unit: Baht)	
	30 June 2021	31 December 2020
Domestic		
Bank of Thailand	9,286,750	78,472,833
Commercial banks	130,904,287	142,317,867
Specialized financial institutions*	1,300,000,000	2,440,000,000
Total	1,440,191,037	2,660,790,700
Add: accrued interest receivables and undue interest receivables	17,805	68,432
Less: allowance for expected credit loss	(28,937)	(27,445)
Total	1,440,179,905	2,660,831,687

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

10. Financial assets measured at fair value through profit or loss

	(Unit: Baht)	
	30 June 2021	31 December 2020
Domestic marketable equity securities	279,581,940	352,478,910
Total	279,581,940	352,478,910

11. Investments - net

	(Unit: Baht)	
	30 June 2021	31 December 2020
Investments in debt securities measured at fair value through other comprehensive income		
Government bonds and state enterprise securities	3,762,439,097	4,057,002,067
Corporate debenture	116,498,040	415,721,623
Total	3,878,937,137	4,472,723,690
Allowance for expected credit losses	131,839	556,424

12. Loans to customers and accrued interest receivables - net**12.1 Classified by type of loans**

	(Unit: Baht)	
	30 June 2021	31 December 2020
Loans	4,320,668,639	4,378,203,504
Hire-purchase receivables	11,629,111	9,532,710
Total loans to customers	4,332,297,750	4,387,736,214
Add: Accrued interest receivables and undue interest receivables	172,819,300	125,520,491
Total loans to customers and accrued interest receivables and undue interest receivables	4,505,117,050	4,513,256,705
Less: Allowance for expected credit losses	(260,027,126)	(213,573,754)
Total loans to customers and accrued interest receivables - net	4,245,089,924	4,299,682,951

12.2 Classified by currency and residence of customer

As at 30 June 2021 and 31 December 2020, loans to customers were domestic and denominated entirely in Thai Baht.

12.3 Classified by loan classification

	(Unit: Baht)	
	30 June 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	2,836,319,915	27,922,701
Financial assets where there has been a significant increase in credit risk (Under-Performing)	141,640,297	2,405,642
Financial assets that are credit-impaired (Non-Performing)	1,527,156,838	229,698,783
Total	4,505,117,050	260,027,126

	(Unit: Baht)	
	31 December 2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	2,707,593,906	28,071,192
Financial assets where there has been a significant increase in credit risk (Under-Performing)	411,323,913	11,387,579
Financial assets that are credit-impaired (Non-Performing)	1,394,338,886	174,114,983
Total	4,513,256,705	213,573,754

12.4 Classified by business type and stages

(Unit: Baht)

30 June 2021				
	Performing	Under-performing	Non-performing	Total*
Manufacturing and commerce	552,364,881	29,872,388	176,778,365	759,015,634
Property development and construction	1,472,488,288	98,781,108	938,181,743	2,509,451,139
Infrastructure and services	531,492,308	5,383,023	220,618,785	757,494,116
Housing loans	243,661,587	-	41,398,919	285,060,506
Secured personal loans	9,235,610	-	411,634	9,647,244
Hire-purchase loans	11,629,111	-	-	11,629,111
Total	2,820,871,785	134,036,519	1,377,389,446	4,332,297,750

* Excluding accrued interest receivables and undue interest receivables

(Unit: Baht)

31 December 2020				
	Performing	Under-performing	Non-performing	Total*
Manufacturing and commerce	657,752,260	38,080,148	176,778,364	872,610,772
Property development and construction	1,492,060,554	176,380,624	865,214,542	2,533,655,720
Infrastructure and services	279,096,992	160,000,000	220,618,785	659,715,777
Housing loans	247,355,424	17,175,015	36,701,948	301,232,387
Secured personal loans	10,710,978	-	277,870	10,988,848
Hire-purchase loans	9,532,710	-	-	9,532,710
Total	2,696,508,918	391,635,787	1,299,591,509	4,387,736,214

* Excluding accrued interest receivables and undue interest receivables

12.5 Non-Performing Loans

	30 June 2021	31 December 2020
<u>Non-Performing Loans - gross</u>		
Non-Performing Loans - gross (<i>in Baht</i>) *	1,377,389,446	1,299,591,509
Ratio of Non-Performing Loans - gross to total loans (%) **	24.46	19.03

* Only principal balances

** Including interbank and money market loans

12.6 Hire-purchase receivables

(Unit: Baht)

30 June 2021				
	Amounts due under the agreement			
	Less than	Over		Total
	1 year	1-5 years	5 years	
Total gross investment under hire-purchase contracts	3,102,336	11,290,537	-	14,392,873
Less: Unearned interest income	(1,004,314)	(1,759,448)	-	(2,763,762)
Present value of minimum lease payments	2,098,022	9,531,089	-	11,629,111
Add: Accrued interest receivable	60,737	-	-	60,737
Total	2,158,759	9,531,089	-	11,689,848
Less: Allowance for expected credit losses	(25,362)	(92,317)	-	(117,679)
Hire-purchase receivables - net	2,133,397	9,438,772	-	11,572,169

(Unit: Baht)

31 December 2020				
	Amounts due under the agreement			
	Less than	Over		Total
	1 year	1-5 years	5 years	
Total gross investment under hire-purchase contracts	2,206,425	9,628,037	200,584	12,035,046
Less: Unearned interest income	(781,313)	(1,719,645)	(1,378)	(2,502,336)
Present value of minimum lease payments	1,425,112	7,908,392	199,206	9,532,710
Add: Accrued interest receivable	-	-	-	-
Total	1,425,112	7,908,392	199,206	9,532,710
Less: Allowance for expected credit losses	(19,014)	(76,054)	(1,584)	(96,652)
Hire-purchase receivables - net	1,406,098	7,832,338	197,622	9,436,058

13. Modified loans to customers and troubled debt restructuring

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. However, there are government and other support measures intended to mitigate the negative impact of the economy. The future uncertain events including the impact of the COVID-19 are still not reflected in the current credit models. Therefore, the management considered the impact from these uncertain events based on available information for individual customers level and industry level and recorded additional ECL as a management overlay.

However, the modification of contract according to the changes in cash flow projection in order to maintain good relationship with customers, provided that the customer has no increase in credit risk, for instance, reducing interest rate in accordance with market conditions, will not be considered as a debt restructuring.

As at 30 June 2021, there are loans to customers including loans with modification of contracts, that the Company have elected to adopt Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy in the preparation of the financial statements, representing 29.54 percent of total loans (31 December 2020: 29.36 percent of total loans).

As at 30 June 2021 and 31 December 2020, there was no outstanding balance of the Company's restructured debtors.

14. Classified assets

	(Unit: Baht)			
	30 June 2021			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
Financial assets where there has not been a significant increase in credit risk (Performing)	2,836,319,915	3,878,937,137	-	6,715,257,052
Financial assets where there has been a significant increase in credit risk (Under-Performing)	141,640,297	-	-	141,640,297
Financial assets that are credit-impaired (Non-Performing)	1,527,156,838	7,820,000	-	1,534,976,838
Total	4,505,117,050	3,886,757,137	-	8,391,874,187

	(Unit: Baht)			
	31 December 2020			
	Loans and accrued interest receivables	Investments	Properties for sale	Total
Financial assets where there has not been a significant increase in credit risk (Performing)	2,707,593,906	4,472,723,690	-	7,180,317,596
Financial assets where there has been a significant increase in credit risk (Under-Performing)	411,323,913	-	-	411,323,913
Financial assets that are credit-impaired (Non-Performing)	1,394,338,886	7,820,000	184,873	1,402,343,759
Total	4,513,256,705	4,480,543,690	184,873	8,993,985,268

15. Allowance for expected credit losses

(Unit: Baht)

For the six-month period ended 30 June 2021				
	Financial assets where there have not been a significant increase in credit risk (12-mth ECL)	Financial assets where there have been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items				
Beginning balance	27,445	-	-	27,445
Changes due to remeasurement of allowance for credit losses	1,492	-	-	1,492
Ending balance	28,937	-	-	28,937
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	556,424	-	-	556,424
Changes due to remeasurement of allowance for credit losses	46,872	-	-	46,872
New financial assets purchased or acquired	3,687	-	-	3,687
Derecognition of financial assets	(475,144)	-	-	(475,144)
Ending balance	131,839	-	-	131,839
Loans to customers and accrued interest receivables				
Beginning balance	28,071,192	11,387,579	174,114,983	213,573,754
Changes due to changes in stages	5,117,368	(8,954,070)	3,836,702	-
Changes due to remeasurement of allowance for credit losses	(6,279,777)	73,681	53,126,632	46,920,536
New financial assets purchased or acquired	2,510,002	-	-	2,510,002
Derecognition of financial assets	(1,496,084)	(101,548)	(494,676)	(2,092,308)
Bad debt written-off	-	-	(884,858)	(884,858)
Ending balance	27,922,701	2,405,642	229,698,783	260,027,126
Loan commitments				
Beginning balance	1,056,483	-	-	1,056,483
Changes due to remeasurement of allowance for credit losses	(236,327)	-	-	(236,327)
New issued obligations to grant credit	1,157,926	-	-	1,157,926
Derecognition of financial assets	(575,661)	-	-	(575,661)
Ending balance	1,402,421	-	-	1,402,421

(Unit: Baht)

For the year ended 31 December 2020

	Financial assets where there have not been a significant increase in credit risk (12-mth ECL)	Financial assets where there have been a significant increase in credit risk (Lifetime ECL - not credit impaired)	Financial assets that are credit-impaired (Lifetime ECL - credit impaired)	Total
Interbank and money market items				
Beginning balance	-	-	-	-
Changes due to remeasurement of allowance for credit losses	27,445	-	-	27,445
Ending balance	27,445	-	-	27,445
Investments in debt securities measured at fair value through other comprehensive income				
Beginning balance	-	-	-	-
New financial assets purchased or acquired	556,424	-	-	556,424
Ending balance	556,424	-	-	556,424
Loans to customers and accrued interest receivables				
Beginning balance	17,364,135	7,180,433	116,858,807	141,403,375
Changes due to staging of financial assets	6,112,376	(1,647,509)	(4,464,867)	-
Changes due to remeasurement of allowance for credit losses	4,389,757	6,211,868	82,217,030	92,818,655
New financial assets purchased or acquired	2,215,643	-	-	2,215,643
Derecognition of financial assets	(2,010,719)	(357,213)	(17,211,716)	(19,579,648)
Bad debt written-off	-	-	(3,284,271)	(3,284,271)
Ending balance	28,071,192	11,387,579	174,114,983	213,573,754
Loan commitments				
Beginning balance	3,112,027	-	-	3,112,027
Changes due to remeasurement of allowance for credit losses	(2,055,544)	-	-	(2,055,544)
Ending balance	1,056,483	-	-	1,056,483

16. Properties for sale - net

(Unit: Baht)

30 June 2021				
	Beginning balance	Increase	Decrease	Ending balance
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	286,235,221	5,354,722	(13,110,616)	278,479,327
Less: Allowance for impairment	(184,873)	-	184,873	-
Total properties for sale - net	<u>286,050,348</u>	<u>5,354,722</u>	<u>(12,925,743)</u>	<u>278,479,327</u>

(Unit: Baht)

31 December 2020				
	Beginning balance	Increase	Decrease	Ending balance
Foreclosed assets				
Immovable assets				
- Appraised value by external appraisals	169,320,153	126,832,295	(9,917,227)	286,235,221
Less: Allowance for impairment	(184,873)	-	-	(184,873)
Total properties for sale - net	<u>169,135,280</u>	<u>126,832,295</u>	<u>(9,917,227)</u>	<u>286,050,348</u>

17. Leasehold improvement and equipment - net

(Unit: Baht)

	Leasehold improvement	Computer and equipment	Furniture and fixtures	Vehicles	Total
Cost					
At 1 January 2020	20,329,089	20,839,051	124,389	20,843,260	62,135,789
Additions	17,196	111,432	-	-	128,628
Disposals / write-off	-	(931,448)	-	(4,006,360)	(4,937,808)
At 31 December 2020	20,346,285	20,019,035	124,389	16,836,900	57,326,609
Additions	12,024	169,745	-	-	181,769
At 30 June 2021	20,358,309	20,188,780	124,389	16,836,900	57,508,378
Accumulated depreciation					
At 1 January 2020	19,177,924	13,569,900	82,218	14,804,146	47,634,188
Depreciation charged for the year	706,284	2,272,160	14,655	2,036,883	5,029,982
Disposals / write-off	-	(931,405)	-	(4,006,360)	(4,937,765)
At 31 December 2020	19,884,208	14,910,655	96,873	12,834,669	47,726,405
Depreciation charged for the period	104,320	1,087,393	7,219	725,891	1,924,823
At 30 June 2021	19,988,528	15,998,048	104,092	13,560,560	49,651,228
Net book value					
At 31 December 2020	462,077	5,108,380	27,516	4,002,231	9,600,204
At 30 June 2021	369,781	4,190,732	20,297	3,276,340	7,857,150
Depreciation for the six-month periods ended 30 June					
2020					3,036,146
2021					1,924,823

The gross amount of the Company's fully depreciated leasehold improvement and equipment that was still in use as at 30 June 2021 amounted to Baht 38.4 million (31 December 2020: Baht 37.9 million).

18. Intangible assets - net

(Unit: Baht)

	Software licenses	Intangible assets under installation	Total
Cost			
At 1 January 2020	19,585,057	23,499,230	43,084,287
Additions	-	7,819,356	7,819,356
Write-off	-	(23,499,230)	(23,499,230)
At 31 December 2020	19,585,057	7,819,356	27,404,413
Additions	2,054,055	1,870,502	3,924,557
At 30 June 2021	21,639,112	9,689,858	31,328,970
Accumulated amortisation			
At 1 January 2020	13,171,782	-	13,171,782
Amortisation charged for the year	2,173,040	-	2,173,040
At 31 December 2020	15,344,822	-	15,344,822
Amortisation charged for the period	1,208,011	-	1,208,011
At 30 June 2021	16,552,833	-	16,552,833
Net book value			
At 31 December 2020	4,240,235	7,819,356	12,059,591
At 30 June 2021	5,086,279	9,689,858	14,776,137
Depreciation for the six-month periods ended 30 June			
2020			1,090,383
2021			1,208,011

The gross amount of the Company's fully amortisation intangible assets that was still in use as at 30 June 2021 amounted to Baht 9.2 million (31 December 2020: Baht 8.9 million).

19. Other assets

(Unit: Baht)

	30 June 2021	31 December 2020
Accrued interest receivables	6,350,145	8,859,405
Prepaid income tax	5,749,094	6,336,976
Deposits	2,297,344	2,308,965
Prepaid expenses	1,969,431	1,344,996
Others	1,438,688	1,222,064
Total	17,804,702	20,072,406

20. Deposits

20.1 Classified by type of deposit

	(Unit: Baht)	
	30 June 2021	31 December 2020
Certificates of deposit	5,839,226,896	5,549,225,666
Total	5,839,226,896	5,549,225,666

20.2 Classified by currency and residence of customer

As at 30 June 2021 and 31 December 2020, deposits were domestic and denominated entirely in Thai Baht.

21. Interbank and money market items (liabilities)

	(Unit: Baht)	
	30 June 2021	31 December 2020
Domestic		
Commercial banks	1,200,000,000	2,000,000,000
Specialized financial institutions*	800,000,000	900,000,000
Other financial institutions **	1,070,600,000	2,077,418,976
Total	3,070,600,000	4,977,418,976

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

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

22. Leases

22.1 Right-of-use assets

Movement of the right-of-use assets during the six-month period ended 30 June 2021 are summarised below.

	(Unit: Baht)		
	Building	Equipment	Total
Cost			
At 1 January 2020	3,394,364	693,888	4,088,252
Additions	9,090,181	-	9,090,181
Contract termination	(3,394,364)	-	(3,394,364)
At 31 December 2020	9,090,181	693,888	9,784,069
Additions	16,217,659	-	16,217,659
At 30 June 2021	25,307,840	693,888	26,001,728
Accumulated depreciation			
At 1 January 2020	-	-	-
Depreciation for the year	3,258,138	208,166	3,466,304
Accumulated depreciation on contract termination	(3,195,053)	-	(3,195,063)
At 31 December 2020	63,085	208,166	271,251
Depreciation for the period	4,281,056	104,084	4,385,140
At 30 June 2021	4,344,141	312,250	4,656,391
Net book value			
At 31 December 2020	9,027,096	485,722	9,512,818
At 30 June 2021	20,963,699	381,638	21,345,337
Depreciation for the six-month periods ended 30 June			
2020			1,734,828
2021			4,385,140

22.2 Lease liabilities

	(Unit: Baht)	
	30 June 2021	31 December 2020
Lease payments	22,005,380	9,946,063
Less: Deferred interest expense	(542,128)	(416,012)
Lease liabilities	21,463,252	9,530,051

Analysis of the maturity of the lease payment is described in Note 6.2 liquidity risk to the financial statements.

22.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets	2,192,570	867,414	4,385,140	1,734,828
Interest expense on lease liabilities	113,310	26,519	237,418	59,256
Expense relating to short-term leases	50,600	116,350	101,200	232,700
Total	2,356,480	1,010,283	4,723,758	2,026,784

The Company had the total cash flow paid for the lease during the six-month period ended 30 June 2021 amounting to Baht 5 million.

23. Provisions

	(Unit: Baht)	
	30 June 2021	31 December 2020
Allowance for expected credit losses		
for loan commitments	1,402,421	1,056,483
Provisions for employee benefits	18,785,805	18,834,589
Total	20,188,226	19,891,072

23.1 Allowance for expected credit losses on loan commitments

As at 30 June 2021 and 31 December 2020 allowance for expected credit losses on loan commitments classified by classification are as follows:

	(Unit: Baht)	
	30 June 2021	
	Loan commitments	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	252,387,471	1,402,421
Financial assets where there has been a significant increase in credit risk (Under-Performing)	-	-
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	252,387,471	1,402,421

	(Unit: Baht)	
	31 December 2020	
	Loan commitments	Allowance for expected credit losses
Financial assets where there has not been a significant increase in credit risk (Performing)	170,669,691	1,056,483
Financial assets where there has been a significant increase in credit risk (Under-Performing)	21,536,614	-
Financial assets that are credit-impaired (Non-Performing)	-	-
Total	192,206,305	1,056,483

23.2 Provisions for employee benefits

Defined benefit plan

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

Present value of the defined benefit obligations

	(Unit: Baht)	
	30 June 2021	31 December 2020
Provision for employee benefits at the beginning of the period/year	18,834,589	21,636,477
Include in profit or loss:		
Current service cost	1,490,601	3,023,552
Interest cost	105,903	295,008
Include in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	4,888
Financial assumptions changes	-	159,023
Experience adjustment	-	(5,103,249)
Benefit paid during the period/year	(1,645,288)	(1,181,110)
Provision for employee benefits at the end of the period/year	18,785,805	18,834,589

The Company expects to pay Baht 3 million of long-term employee benefits during the next year (31 December 2020: Baht 3 million)

Principal actuarial assumptions

	(Unit: Percent per annum)	
	30 June 2021	31 December 2020
Discount rate	1.35	1.35
Future salary growth	5.00	5.00
Long-term inflation rate	2.75	2.75

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

At 30 June 2021, the weighted-average duration of the defined benefit obligation was 9.0 years (31 December 2020: 9.0 years).

Sensitivity analysis

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

Effect to the defined benefit obligation

(Unit: Baht)

	Increase in assumption		Decrease in assumption	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
Discount rate (1% movement)	(1,031,198)	(1,033,876)	1,162,963	1,165,984
Future salary growth (1% movement)	1,108,803	1,111,682	(1,006,325)	(1,008,939)
Employee turnover rate (20% movement)	(795,649)	(797,715)	909,981	912,344
Future mortality (20% movement)	(114,884)	(115,182)	116,033	116,334

24. Other liabilities

(Unit: Baht)

	30 June 2021	31 December 2020
Other payables	4,937,474	2,596,556
Deposits	523,131	2,533,131
Margin payables under private repurchase transactions	-	1,272,515
Specific business tax and value added tax payable	870,761	972,036
Withholding tax payable	1,308,531	966,891
Payable from Legal Executive Department	1,197,900	1,114,400
Others	421,356	565,725
Total	9,259,153	10,021,254

25. Other components of equity

(Unit: Baht)

	30 June 2021	31 December 2020
Revaluation surplus (deficit) on investments		
measured at fair value through other		
comprehensive income		
Revaluation surplus on debt instruments	9,135,382	7,751,106
Revaluation deficit on debt instruments	(116,092,098)	(772,564)
Allowance for expected credit losses	131,839	556,424
Total revaluation surplus (deficit) on investments		
measured at fair value through other comprehensive		
income	(106,824,877)	7,534,966
Add (less): income taxes	21,364,975	(1,506,993)
Other components of equity - net of income taxes	(85,459,902)	6,027,973

26. Contingent liabilities

	(Unit: Baht)	
	30 June 2021	31 December 2020
Other contingencies		
- Other guarantee	53,619,752	53,619,752
- Committed line	252,387,471	192,206,305
Total	306,007,223	245,826,057

27. Litigation

As at 30 June 2021, the Company is being sued in civil cases with claims totaling Baht 3.7 million that have not yet been finalised. The management of the Company has exercised judgement to assess the possible outcomes of litigation and believes that when the case is finally settled, there will be no material impact on the financial position and operating results of the company. Therefore, no contingent liability has been recognised.

28. Statutory reserve

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

29. Dividend payment

	Approved by	Payment schedule	Dividend rate per share (Baht per share)	Amounts of dividend paid (Baht)
2021	Annual General Meeting of the shareholders	21 May 2021	0.0154	19,250,000
	Annual dividend on 27 April 2021			
2020				
Annual dividend	Annual General Meeting of the shareholders on 27 April 2020	18 May 2020	0.02	25,000,000

30. Related parties

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

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

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

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

Transactions	Pricing policies
Interest rate of loans	Interest rate as offered to general customers
Interest rate on deposits	Interest rate as offered to general customers
Intangible assets	Contractual price

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

Significant transactions for the three-month and six-month period ended 30 June 2021 and 2020 with related parties were as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Entities in which the directors, management of their families have significant influence				
Interest expense	5,301,996	2,433,942	10,523,344	3,039,271
Key management personnel				
Interest expense	14,963	29,737	29,392	60,415
Major shareholder				
Interest expense	497,651	-	1,131,852	-

Significant balances with related parties as at 30 June 2021 and 31 December 2020 were as follows:

	(Unit: Baht)	
	30 June 2021	31 December 2020
Entities in which the directors, management of their families have significant influence		
Deposits	1,937,500,000	1,607,000,000
Accrued interest payables	7,740,418	12,313,937
Key management personnel		
Deposits	3,870,404	3,865,939
Accrued interest payables	9,957	9,567
Major shareholder		
Deposits	-	235,600,000
Accrued interest payables	-	709,244
Entities in which the shareholders of their families have significant influence		
Intangible assets	9,558,857	7,819,356

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

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Short-term benefits	3,723,264	5,237,655	10,169,953	12,523,377
Post-employment benefits	451,662	359,218	903,324	718,436
Total	4,174,926	5,596,873	11,073,277	13,241,813

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

	(Unit: Baht)			
	For the three-month period		For the six-month period	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Directors' remuneration	852,500	1,209,167	1,760,000	2,304,359
Total	852,500	1,209,167	1,760,000	2,304,359

31. Segment information

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

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

No operating income from transactions with a single external customer in an amount equal to 10% or more of the operating income.

32. Interest income

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Interbank and money market items	147,951	447,684	448,379	1,454,023
Investments in debt securities	13,639,208	8,912,656	29,052,250	12,456,600
Loans to customers	78,911,319	90,294,142	159,910,915	184,308,389
Total	<u>92,698,478</u>	<u>99,654,482</u>	<u>189,411,544</u>	<u>198,219,012</u>

The Company has interest income from financial assets that are credit-impaired for the three-month periods ended 30 June 2021 and 2020 amounting to Baht 52 million and Baht 59 million, respectively.

33. Interest expense

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Deposits	19,039,741	21,396,634	37,630,227	40,480,699
Interbank and money market items	5,326,720	3,000,058	11,861,601	5,504,406
Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency	4,129,182	3,567,881	8,372,539	6,433,241
Others	181,284	26,519	237,418	59,256
Total	<u>28,676,927</u>	<u>27,991,092</u>	<u>58,101,785</u>	<u>52,477,602</u>

On 8 April 2020, BoT's announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020.

34. Fees and service income

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
Acceptances, avals and guarantees	123,663	62,213	263,672	62,213
Financial consulting fee	-	-	-	75,000
Fees on loans	275,792	167,178	467,310	303,288
Total	<u>399,455</u>	<u>229,391</u>	<u>730,982</u>	<u>440,501</u>

35. Net gains (losses) on financial instruments measured at fair value through profit or loss

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
Domestic marketable equity securities	(13,034,686)	11,185,000	(3,339,488)	(17,730,842)
Total	<u>(13,034,686)</u>	<u>11,185,000</u>	<u>(3,339,488)</u>	<u>(17,730,842)</u>

36. Net losses on investments

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2021	2020	2021	2020
Loss on disposal of investment in debt securities measured at fair value through other comprehensive income	(19,371,152)	(5,123,295)	(11,136,568)	(5,123,295)
Total	<u>(19,371,152)</u>	<u>(5,123,295)</u>	<u>(11,136,568)</u>	<u>(5,123,295)</u>

37. Expected credit losses

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Interbank and money market items	2,173	11,065	1,492	11,065
Investment in debt securities measured at fair value through other comprehensive income (reversal)	4,350	528,150	(424,584)	528,150
Loans to customers and accrued interest receivables	26,875,592	9,498,991	50,485,396	1,424,066
Loan commitments (reversal)	(1,287,354)	1,428,952	345,938	(1,683,075)
Total	<u>25,594,761</u>	<u>11,467,158</u>	<u>50,408,242</u>	<u>280,206</u>

38. Income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2021 and 2020 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Current income tax:				
Corporate income tax for the period	(3,610,853)	2,816,710	6,487,954	7,147,773
Deferred tax:				
Relating to temporary differences and reversal of temporary differences	(575,239)	351,833	(3,657,622)	185,905
Income tax expenses (income) reported in statements of comprehensive income	<u>(4,186,092)</u>	<u>3,168,543</u>	<u>2,830,332</u>	<u>7,333,678</u>

The amounts of income tax relating to each components of other comprehensive income for the three-month and six-month periods ended 30 June 2021 and 2020 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Deferred tax relating to gain (losses) on revaluation of investments in debt securities measured at fair value through other comprehensive income	21,290,030	11,679,347	(22,871,968)	(4,742,211)
Deferred tax relating to gains on revaluation of investments in equity securities measured at fair value through other comprehensive income	-	12,903	-	12,903
Total	<u>21,290,030</u>	<u>11,692,250</u>	<u>(22,871,968)</u>	<u>(4,729,308)</u>

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2021 and 2020 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Accounting profits (losses) before tax	<u>(17,278,350)</u>	<u>11,305,047</u>	<u>16,658,097</u>	<u>33,355,419</u>
Applicable tax rates	20%	20%	20%	20%
Accounting profits before tax multiplied by applicable tax rate	(3,455,670)	2,261,010	3,331,619	6,671,084
Deferred income tax reduction	-	1,086,941	-	1,086,941
Effects of non-deductible expenses and non-taxable income	<u>(730,422)</u>	<u>(179,408)</u>	<u>(501,287)</u>	<u>(424,347)</u>
Total	<u>(4,186,092)</u>	<u>3,168,543</u>	<u>2,830,332</u>	<u>7,333,678</u>

The components of deferred tax assets are consisting of items as follows:

		(Charged) / Credited to:		(Unit: Baht)
	As at 1 January 2021	Profit or loss	Other comprehensive income	As at 30 June 2021
Deferred tax assets				
Allowance for impairment of investment	1,564,000	-	-	1,564,000
Loss on remeasurement investments	799,054	3,399,988	22,871,968	27,071,010
Allowance for expected credit losses	5,490	280,783		286,273
Allowance for impairment of properties for sale	36,975	(36,975)	-	-
Lease liabilities - net	-	23,583	-	23,583
Provisions for employee benefits	3,766,916	(9,757)	-	3,757,159
Total	6,172,435	3,657,622	22,871,968	32,702,025

		(Unit: Baht)		
		(Charged) / Credited to:		
	As at		As at	
	1 January	Other	31 December	
	2020	Profit or loss	income	2020
Deferred tax assets				
Allowance for impairment of investment	1,564,000	-	-	1,564,000
Loss on remeasurement investments	-	2,194,762	(1,395,708)	799,054
Allowance for expected credit losses	-	116,775	(111,285)	5,490
Allowance for doubtful accounts	4,039,773	(4,039,773)	-	-
Allowance for impairment of properties for sale	36,975	-	-	36,975
Provisions for employee benefits	4,327,294	427,490	(987,868)	3,766,916
Total	9,968,042	(1,300,746)	(2,494,861)	6,172,435

39. Earnings per share (loss)

Basic earning per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by weighted average number to ordinary shares in issue during the period.

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2021	2020	2021	2020
Profit (loss) attributable to ordinary shareholders of the Company	(13,092,258)	8,136,504	13,827,765	26,021,741
Number of ordinary shares outstanding	1,250,000,000	1,250,000,000	1,250,000,000	1,250,000,000
Earnings per share (loss)	(0.01)	0.007	0.01	0.02

40. Fair value of financial instruments

40.1 Financial instruments measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date.

	30 June 2021		
	Fair value		
	Level 1	Level 2	Total
Financial assets			
Financial assets measured at fair value through profit or loss	279,581,940	-	279,581,940
Investment in debt securities measured at fair value through other comprehensive income	-	3,878,937,137	3,878,937,137
Total financial assets	279,581,940	3,878,937,137	4,158,519,077

	31 December 2020		
	Fair value		
	Level 1	Level 2	Total
Financial assets			
Financial assets measured at fair value through profit or loss	352,478,910	-	352,478,910
Investment in debt securities measured at fair value through other comprehensive income	-	4,472,723,690	4,472,723,690
Total financial assets	352,478,910	4,472,723,690	4,825,202,600

40.2 Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as at 30 June 2021 and 31 December 2020 were as follows:

(Unit: Baht)

	30 June 2021				
	Carrying amount	Fair value			
	Financial instruments measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets					
Interbank and money market items - net (assets)	1,440,179,905	140,163,165	1,300,016,740	-	1,440,179,905
Loan to customers and accrued interest receivables - net	4,245,089,924	-	4,245,089,924	-	4,245,089,924
Financial liabilities					
Deposits	5,839,226,896	-	5,836,220,309	-	5,836,220,309
Interbank and money market items (liabilities)	3,070,600,000	-	3,070,600,000	-	3,070,600,000

(Unit: Baht)

	31 December 2020				
	Carrying amount	Fair value			
	Financial instruments measured at amortised cost	Level 1	Level 2	Level 3	Total
Financial assets					
Interbank and money market items - net (assets)	2,660,831,687	220,768,334	2,440,063,353	-	2,660,831,687
Loan to customers and accrued interest receivables - net	4,299,682,951	-	4,299,682,951	-	4,299,682,951
Financial liabilities					
Deposits	5,549,225,666	-	5,551,798,522	-	5,551,798,522
Interbank and money market items (liabilities)	4,977,418,976	-	4,977,762,536	-	4,977,762,536

During the current period, there was no changes the fair value hierarchy

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

Interbank and money market items (assets and liabilities)

The fair value of floating interest rate interbank and money market items (both assets and liabilities) were assumed to approximate the carrying value as at the reporting date. The fair value of fixed interest rate interbank and money market items with a remaining to maturity period of more than 1 year from the statement of financial position date was determined by discounting the expected future cash flows at the current average interest rate for similar debts.

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

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

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

Loans to customers

Fair value of floating interest loans to customers where the rates change frequently without material impact on credit risk is measured at carrying value as at reporting date. Fixed interest loans to customers where the interest rate is expected to change within 1 year of the reporting date is measured approximately at their carrying value as at the reporting date. Other fixed interest loans to customers are measured by discounting future cash flow. The discount rate used is determined based on loans with similar credit risk.

Deposits

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

41. Reclassification

The Company has reclassified certain accounts for comparative purpose which this reclassification has been classified to conform with the presentation in the financial statements as follow:

(Unit: Baht)		
31 December 2020		
	As reclassified	As previously reported
Statement of financial position		
Loan to customers and accrued interest receivable - net	4,299,682,951	4,303,301,530
Lease liabilities - net	9,530,051	-
Other liabilities	15,456,538	28,605,168

This reclassification has not impact on profits or equity as reported.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 August 2021.