

TISCO Bank Public Company Limited
Review report and interim financial information
30 September 2022



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TISCO Bank Public Company Limited

I have reviewed the accompanying statement of financial position of TISCO Bank Public Company Limited as at 30 September 2022, the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022, the related statements of changes in equity and cash flows for the nine-month period then ended, as well as the condensed notes to the interim financial statements (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 10 November 2022

TISCO Bank Public Company Limited

Statements of financial position

As at 30 September 2022 and 31 December 2021

(Unit: Thousand Baht)

	Note	30 September 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Assets			
Cash		975,196	1,099,506
Interbank and money market items - net	3.1, 3.7	33,076,571	29,061,631
Financial assets measured at fair value through profit or loss	3.2	929,841	773,736
Investments - net	3.4, 3.7	5,490,021	6,876,196
Loans to customers and accrued interest receivables	3.5, 3.7		
Loans to customers		223,838,567	212,965,777
Accrued interest receivables and undue interest income		1,455,145	1,483,528
Total loans to customers and accrued interest receivables		225,293,712	214,449,305
Less: Deferred revenue		(15,359,826)	(15,568,269)
Less: Allowance for expected credit loss	3.6	(10,033,465)	(10,666,196)
Total loans to customers and accrued interest receivables - net		199,900,421	188,214,840
Properties foreclosed - net		90,963	119,808
Investment properties		28,152	28,152
Premises and equipment - net		707,442	717,845
Right-of-use assets - net		303,975	393,671
Intangible assets - net		21,533	32,652
Deferred tax assets	3.18	85,588	88,182
Other assets	3.8	1,088,818	1,208,935
Total assets		242,698,521	228,615,154

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

TISCO Bank Public Company Limited**Statements of financial position (continued)****As at 30 September 2022 and 31 December 2021**

		(Unit: Thousand Baht)	
	Note	30 September 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)
Liabilities and equity			
Liabilities			
Deposits	3.9	183,959,653	167,925,319
Interbank and money market items		4,609,747	7,931,816
Liabilities payable on demand		268,856	274,432
Derivatives liabilities	3.3	155,448	3,385
Debts issued and borrowings	3.10	8,476,919	8,896,919
Lease liabilities		298,660	386,122
Provisions	3.11	813,409	832,785
Accrued interest payable		484,617	469,942
Income tax payable		284,642	371,506
Dividend payable		-	1,999,802
Other liabilities	3.12	5,255,879	4,858,341
Total liabilities		204,607,830	193,950,369

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

TISCO Bank Public Company Limited

Statements of financial position (continued)

As at 30 September 2022 and 31 December 2021

(Unit: Thousand Baht)

	Note	30 September 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Equity			
Share capital			
Registered			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each		1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares		2,543,024	2,543,024
Other components of equity		295,046	302,640
Retained earnings			
Appropriated - statutory reserve		984,000	984,000
Unappropriated		25,052,944	21,619,444
		<u>38,090,691</u>	<u>34,664,785</u>
Total equity		<u>38,090,691</u>	<u>34,664,785</u>
Total liabilities and equity		<u>242,698,521</u>	<u>228,615,154</u>

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



Mr. Sakchai Peechapat
(Chairman of the Executive Board)



ธนาคารทีเอสซี จำกัด (มหาชน)
TISCO Bank Public Company Limited



Mr. Metha Pingsuthiwong
(President)

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of comprehensive income

For the three-month periods ended 30 September 2022 and 2021

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

	Note	2022	2021
Profit or loss:			
Interest income	3.14	3,394,527	3,291,673
Interest expenses	3.15	(508,503)	(532,719)
Net interest income		2,886,024	2,758,954
Fee and service income		462,667	364,816
Fee and service expenses		(23,733)	(17,518)
Net fee and service income	3.16	438,934	347,298
Net gain on financial instruments measured at fair value through profit or loss		24,734	14,280
Net gain on investments		487	1,214
Penalty fee income from loans		30,327	34,169
Other operating income		34,625	30,467
Total operating income		3,415,131	3,186,382
Operating expenses			
Employee expenses		834,281	637,279
Premises and equipment expenses		277,881	299,326
Taxes and duties		61,779	56,803
Intercompany supporting fee expenses	3.19	618,091	584,327
Other operating expenses		156,848	168,011
Total operating expenses		1,948,880	1,745,746
Expected credit loss	3.17	9,518	65,553
Profit from operations before income tax expenses		1,456,733	1,375,083
Income tax expenses	3.18	291,119	276,369
Profit for the period		1,165,614	1,098,714

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of comprehensive income (continued)

For the three-month periods ended 30 September 2022 and 2021

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

	Note	2022	2021
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gain (loss) on valuation of investments in debt instruments measured at fair value through other comprehensive income		310	(986)
Income tax effects		(62)	197
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		248	(789)
Other comprehensive income for the period (loss)		248	(789)
Total comprehensive income for the period		1,165,862	1,097,925
Earnings per share			
Basic earnings per share (Baht per share)		1.26	1.19

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of comprehensive income

For the nine-month periods ended 30 September 2022 and 2021

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

	Note	2022	2021
Profit or loss:			
Interest income	3.14	9,853,947	10,157,208
Interest expenses	3.15	(1,474,405)	(1,777,416)
Net interest income		8,379,542	8,379,792
Fee and service income		1,298,849	1,252,274
Fee and service expenses		(73,302)	(56,603)
Net fee and service income	3.16	1,225,547	1,195,671
Net gain on financial instruments measured at fair value through profit or loss		161,070	98,497
Net gain on investments		1,139	5,038
Penalty fee income from loans		98,324	114,086
Other operating income		116,125	96,366
Total operating income		9,981,747	9,889,450
Operating expenses			
Employee expenses		2,455,475	1,810,713
Premises and equipment expenses		841,438	915,168
Taxes and duties		175,469	174,554
Intercompany supporting fee expenses	3.19	1,821,144	1,748,307
Other operating expenses		429,654	499,059
Total operating expenses		5,723,180	5,147,801
Expected credit loss	3.17	45,743	1,098,144
Profit from operations before income tax expenses		4,212,824	3,643,505
Income tax expenses	3.18	839,731	729,893
Profit for the period		3,373,093	2,913,612

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2022 and 2021

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

	Note	2022	2021
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(7,751)	(7,151)
Income tax effects		1,550	1,430
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(6,201)	(5,721)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain		73,333	2,965
Income tax effects		(14,667)	(593)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		58,666	2,372
Other comprehensive income for the period (loss)		52,465	(3,349)
Total comprehensive income for the period		3,425,558	2,910,263
Earnings per share			
Basic earnings per share (Baht per share)		3.66	3.16

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of cash flows

For the nine-month periods ended 30 September 2022 and 2021

	(Unit: Thousand Baht)	
	2022	2021
Cash flows from operating activities		
Profit from operations before income tax	4,212,824	3,643,505
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	173,470	223,909
Expected credit loss	1,245,694	2,248,488
Reversal of allowance for impairment of properties foreclosed	(264)	(7)
Gain on disposal of investments in securities	(276)	(31,132)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(68,568)	29,868
Gain on financial instruments measured at fair value through profit or loss	(156,105)	(44,934)
Gain on disposal/write-off of equipment and intangible assets	-1,262	-1,687
Gain on disposal of properties foreclosed	(32,675)	(22,745)
Employee benefit expenses	58,268	38,466
Decrease in accrued income	6,970	31,794
Increase in accrued expenses	803,972	163,522
Net interest income	(8,379,542)	(8,379,792)
Dividend income	(48,144)	(45,470)
Cash received on interest income	9,830,814	10,170,257
Cash paid on interest expenses	(1,138,662)	(1,654,121)
Cash received on dividend income	48,144	45,470
Cash paid on income tax	(936,770)	(723,637)
Profit from operating activities before changes in operating assets and liabilities	5,617,888	5,691,754
Operating assets (increase) decrease		
Interbank and money market items	(4,014,606)	11,220,499
Loans to customers	(12,797,557)	21,554,562
Properties foreclosed	32,763	(165,526)
Other assets	92,695	212,459

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of cash flows (continued)

For the nine-month periods ended 30 September 2022 and 2021

	(Unit: Thousand Baht)	
	2022	2021
Operating liabilities increase (decrease)		
Deposits	16,034,334	(34,650,826)
Interbank and money market items	(3,322,069)	1,597,181
Liabilities payable on demand	(5,576)	(1,049,405)
Short-term debts issued and borrowings	-	(2,320,000)
Provision for long-term employee benefits	(11,692)	(10,151)
Other liabilities	(506,241)	(365,795)
Net cash flows from operating activities	1,119,939	1,714,752
Cash flows from investing activities		
Cash paid for purchase of investments in securities	(7,708,911)	(10,818,115)
Cash received from disposal of investments in securities	9,039,551	10,941,413
Cash paid for purchase of equipment	(28,006)	(15,813)
Cash paid for purchase of intangible assets	(2,337)	(3,883)
Cash received from disposal of equipment	1,153	4,114
Net cash flows from investing activities	1,301,450	107,716
Cash flows from financing activities		
Cash received from issuance of long-term debentures	2,800,000	700,000
Cash paid for redemption of long-term debentures	(3,220,000)	(680,000)
Cash paid on lease liabilities	(125,897)	(120,572)
Dividend paid	(1,999,802)	(1,889,214)
Net cash flows used in financing activities	(2,545,699)	(1,989,786)
Net decrease in cash	(124,310)	(167,318)
Cash at beginning of the period	1,099,506	1,215,903
Cash at end of the period	975,196	1,048,585
	-	-
Supplemental cash flows information		
Non-cash transactions		
Right-of-use assets	39,072	31,610
Transfer-in of properties foreclosed in settlement of loans to customers	1,140,644	1,343,748

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited

Statements of changes in equity

For the nine-month periods ended 30 September 2022 and 2021

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		
	Preference shares	Ordinary shares		measured at fair value through other comprehensive income	Surplus on revaluation of assets	Total	Appropriated	Unappropriated	Total
Balance as at 1 January 2021	1	9,215,676	2,543,024	5,070	304,399	309,469	984,000	19,603,336	32,655,506
Profit for the period	-	-	-	-	-	-	-	2,913,612	2,913,612
Other comprehensive income for the period (loss)	-	-	-	(5,721)	-	(5,721)	-	2,372	(3,349)
Total comprehensive income for the period (loss)	-	-	-	(5,721)	-	(5,721)	-	2,915,984	2,910,263
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(1,393)	(1,393)	-	1,741	348
Balance as at 30 September 2021	<u>1</u>	<u>9,215,676</u>	<u>2,543,024</u>	<u>(651)</u>	<u>303,006</u>	<u>302,355</u>	<u>984,000</u>	<u>22,521,061</u>	<u>35,566,117</u>
Balance as at 1 January 2022	1	9,215,676	2,543,024	104	302,536	302,640	984,000	21,619,444	34,664,785
Profit for the period	-	-	-	-	-	-	-	3,373,093	3,373,093
Other comprehensive income for the period (loss)	-	-	-	(6,201)	-	(6,201)	-	58,666	52,465
Total comprehensive income for the period (loss)	-	-	-	(6,201)	-	(6,201)	-	3,431,759	3,425,558
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(1,393)	(1,393)	-	1,741	348
Balance as at 30 September 2022	<u>1</u>	<u>9,215,676</u>	<u>2,543,024</u>	<u>(6,097)</u>	<u>301,143</u>	<u>295,046</u>	<u>984,000</u>	<u>25,052,944</u>	<u>38,090,691</u>

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

TISCO Bank Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2022 and 2021

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

1.1 Basis for preparation of interim financial information

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

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

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

1.2 Coronavirus disease 2019 pandemic

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

1.3 New financial reporting standards

1.3.1 Financial reporting standards that became effective in the current period

During the period of 2022, the Bank has adopted the revised financial reporting standards which are effective for fiscal year beginning on or after 1 January 2022. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

1.3.2 Accounting guidance that became effective in the current period

The Federation of Accounting Professions has announced Accounting Guidance on Guidelines regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with guidelines of the BOT. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes.

Under this accounting guidance, the Bank may elect to adopt accounting treatments consistent with the circular of the BOT No. BOT.RPD2.C. 802/2564 dated 3 September 2021 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)". The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

1. Debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension (Assistance type 1). For this type of debt restructuring, the Bank may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions, whereby:
 - Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
 - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
 - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.

- Loans are classified as loans with significant increase in credit risk (Under-performing or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due, counting from the due date.
 - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
2. Debt restructuring involving only a payment timeline extension, e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts (Assistance type 2). For this type of debt restructuring, the Bank is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. However, the Bank may elect to adopt treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C. 802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2.

For both types of assistance, the Bank may determine expected credit loss based on the outstanding balance of the drawn down portion only.

During the nine-month period ended 30 September 2022, the Bank provided both types of assistance to debtors. However, it has elected to comply with the staging assessment and the setting aside of provisions in accordance with the relevant financial reporting standards, and has only adopted treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT as mentioned above to assess whether a debtor is to move to under-performing stage or Stage 2 only for some types of loans.

1.4 Significant accounting policies

The interim financial information is prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

2. General information

2.1 The Bank's information

TISCO Bank Public Company Limited ("the Bank") is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate a commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 30 September 2022, the Bank has 54 branches in Thailand (31 December 2021: 55 branches).

2.2 Related party transactions

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

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

3. Supplemental information

3.1 Interbank and money market items (assets)

As at 30 September 2022 and 31 December 2021, interbank and money market items include securities purchases under resale agreements made by the Bank according to private repurchase transactions, with the securities received under the resale agreements being used as collateral, as detailed below.

(Unit: Thousand Baht)

Securities purchased under resale agreements
according to private repurchase transactions

	as at	
	30 September 2022	31 December 2021
Commercial banks	18,100,000	11,200,000
Specialised Financial Institutions	13,100,000	16,000,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

Fair value of securities received as collateral

	as at	
	30 September 2022	31 December 2021
Commercial banks	18,108,600	11,332,000
Specialised Financial Institutions	13,213,900	16,162,500

(Unaudited but reviewed)

3.2 Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

Investments	As at			
	30 September 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Others				
Domestic marketable equity instruments	9,320	5,880	9,320	6,440
Domestic non-marketable equity instruments	220,274	923,961	220,274	767,296
	229,594	929,841	229,594	773,736
Add: Allowance for changes in value	700,247		544,142	
Total	929,841		773,736	

3.3 Derivatives assets/derivatives liabilities

The Bank entered into foreign exchange contracts to manage the risk associated with financial assets, as follows:

(Unit: Thousand Baht)

Type of risks	As at					
	30 September 2022			31 December 2021		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	155,448	1,895,335	-	3,385	1,512,926
Total	-	155,448	1,895,335	-	3,385	1,512,926

All counterparties of these derivatives transactions are financial institutions.

(Unaudited but reviewed)

3.4 Investments

3.4.1 Investments classified by type of investments

As at 30 September 2022 and 31 December 2021, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	As at			
	30 September 2022		31 December 2021	
	Amortised cost	Fair value	Amortised cost	Fair value
Investments in debt instruments measured at fair value through other comprehensive income				
Government and state enterprise securities				
	5,453,657	5,445,623	6,852,066	6,851,826
Private sector debt securities	71,460	44,398	51,460	24,370
	5,525,117	5,490,021	6,903,526	6,876,196
Less: Allowance for changes in value	(35,096)		(27,330)	
Total	5,490,021		6,876,196	
Allowance for expected credit loss	27,475		27,460	
Investments in debt instruments measured at amortised cost				
Investments in receivables	8,899		11,958	
Less: Allowance for expected credit loss	(8,899)		(11,958)	
Total	-		-	
Total investments	5,490,021		6,876,196	

3.4.2 Investments subject to restrictions

(Unit: Million Baht)

Type of investments	As at		Type of restrictions
	30 September 2022	31 December 2021	
Government debt securities	2	2	Pledge for electricity usage

(Unaudited but reviewed)

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

As at 30 September 2022 and 31 December 2021, investments in securities of the Bank include investments in securities issued by companies with weak financial positions and poor operating results as follows:

(Unit: Thousand Baht)

	As at					
	30 September 2022			31 December 2021		
	Cost	Fair value	Allowance for expected credit loss	Cost	Fair value	Allowance for expected credit loss
Companies having problems with debt repayment or in default	51,460	24,370	27,460	51,460	24,370	27,460

3.5 Loans to customers and accrued interest receivables

3.5.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Loans to customers		
Overdrafts	6,880	25,102
Loans	102,605,535	88,511,952
Hire purchase receivables	121,226,152	124,428,723
Less: Deferred revenue	(15,359,826)	(15,568,269)
Total loans to customers	208,478,741	197,397,508
Add: Accrued interest receivables and undue interest income	1,455,145	1,483,528
Total loans to customers and accrued interest receivables	209,933,886	198,881,036
Less: Allowance for expected credit loss	(10,033,465)	(10,666,196)
Loans to customers and accrued interest receivables - net	199,900,421	188,214,840

(Unaudited but reviewed)

3.5.2 Classified by loan classification

(Unit: Thousand Baht)

	As at			
	30 September 2022		31 December 2021	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	184,990,556	6,232,303	172,789,920	6,357,689
Financial assets with significant increase in credit risk (Under-performing)	21,016,678	2,664,031	21,555,713	3,002,574
Financial assets that are credit-impaired (Non-performing)	3,926,652	1,137,131	4,535,403	1,305,933
Total	<u>209,933,886</u>	<u>10,033,465</u>	<u>198,881,036</u>	<u>10,666,196</u>

During the period of 2022, the Bank entered into the scheme to provide additional assistance to affected debtors in accordance with the circular of the BOT No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)”. As at 30 September 2022, the Bank’s outstanding loan balance under the relief measures totalled Baht 10,709 million. The balance consists of the debtors under principal holiday scheme (still subject to payments of interest) or installment reduction (subject to partial payments of principal and interest), and the debtors receiving other forms of debt relief, for which the Bank complies with the staging assessment and the setting aside of provision in accordance with the relevant financial reporting standards.

(Unaudited but reviewed)

3.5.3 Classified by loan classification and type of debtors

As at 30 September 2022 and 31 December 2021, loans to customers classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

	As at 30 September 2022							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	91,929	2,864	24,227	1,036	68,835	2,332	184,991	6,232
Financial assets with significant increase in credit risk (Under-performing)	12,797	1,348	4,870	500	3,349	816	21,016	2,664
Financial assets that are credit-impaired (Non-performing)	1,925	541	717	247	1,285	349	3,927	1,137
Total	106,651	4,753	29,814	1,783	73,469	3,497	209,934	10,033

(Unit: Million Baht)

	As at 31 December 2021							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	93,381	3,181	21,340	918	58,069	2,259	172,790	6,358
Financial assets with significant increase in credit risk (Under-performing)	14,085	1,642	4,481	543	2,990	817	21,556	3,002
Financial assets that are credit-impaired (Non-performing)	2,217	634	885	301	1,433	371	4,535	1,306
Total	109,683	5,457	26,706	1,762	62,492	3,447	198,881	10,666

(Unaudited but reviewed)

3.5.4 Hire purchase receivables

As at 30 September 2022, receivables of the Bank under hire purchase agreements amount to Baht 106,651 million (31 December 2021: Baht 109,683 million) and mostly comprise hire purchase agreements for cars. The terms of the agreements are generally between 1 to 8 years, and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

As at 30 September 2022					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit- impaired	Total
Gross investment in the agreements	37,070	73,890	3,831	6,435	121,226
Less: Deferred revenue ⁽¹⁾	(4,351)	(6,116)	(149)	(4,571)	(15,187)
Present value of minimum lease payment from agreements	32,719	67,774	3,682	1,864	106,039
Accrued interest receivables	551	-	-	61	612
Total	<u>33,270</u>	<u>67,774</u>	<u>3,682</u>	<u>1,925</u>	<u>106,651</u>
Allowance for expected credit loss					(4,753)
Net hire purchase receivables					<u>101,898</u>

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

(Unit: Million Baht)

As at 31 December 2021					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit- impaired	Total
Gross investment in the agreements	37,631	75,222	5,250	6,326	124,429
Less: Deferred revenue ⁽¹⁾	(4,521)	(6,493)	(195)	(4,187)	(15,396)
Present value of minimum lease payment from agreements	33,110	68,729	5,055	2,139	109,033
Accrued interest receivables	572	-	-	78	650
Total	<u>33,682</u>	<u>68,729</u>	<u>5,055</u>	<u>2,217</u>	<u>109,683</u>
Allowance for expected credit loss					(5,457)
Net hire purchase receivables					<u>104,226</u>

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

3.5.5 Troubled debt restructuring

As at 30 September 2022 and 31 December 2021, the Bank has outstanding balances with troubled debt restructuring debtors as follows:

	As at			
	30 September 2022		31 December 2021	
	Number of debtors	Outstanding balances (Million Baht)	Number of debtors	Outstanding balances (Million Baht)
Balances of restructured debts	1,534	980	4,586	1,812

3.6 Allowance for expected credit loss

As at 30 September 2022, the Bank has allowance for expected credit loss classified by type of financial assets as follows:

	(Unit: Thousand Baht)				Total
	For the nine-month period ended 30 September 2022				
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit- impaired	Financial assets applying a simplified approach	
Interbank and money market items (assets)					
Balance - beginning of period	227	-	-	-	227
Changes from revaluation of allowance for credit loss	262	-	-	-	262
Balance - end of period	489	-	-	-	489
Investments in debt instruments measured at fair value through other comprehensive income					
Balance - beginning of period	-	-	27,460	-	27,460
New financial assets purchased or acquired	97	-	-	-	97
Derecognition	(82)	-	-	-	(82)
Balance - end of period	15	-	27,460	-	27,475

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month period ended 30 September 2022

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit- impaired	Financial assets applying a simplified approach	Total
Investments in debt instruments measured at amortised cost					
Balance - beginning of period	-	-	11,958	-	11,958
Changes from revaluation of allowance for credit loss	-	-	(3,059)	-	(3,059)
Balance - end of period	-	-	8,899	-	8,899
Loans to customers and accrued interest receivables					
Balance - beginning of period	6,357,689	3,002,574	1,305,933	-	10,666,196
Changes from transfers among stages	90,079	(254,118)	164,039	-	-
Changes from revaluation of allowance for credit loss	(1,384,979)	(68,160)	1,505,132	-	51,993
New financial assets purchased or acquired	1,757,099	324,134	63,474	-	2,144,707
Derecognition	(587,585)	(340,399)	(194,548)	-	(1,122,532)
Write-off	-	-	(1,706,899)	-	(1,706,899)
Balance - end of period	6,232,303	2,664,031	1,137,131	-	10,033,465
Other assets - accrued interest receivables on investments					
Balance - beginning of period	-	-	196	-	196
Changes from revaluation of allowance for credit loss	-	-	270	-	270
Balance - end of period	-	-	466	-	466
Other assets - other receivables					
Balance - beginning of period	-	-	-	1,872	1,872
Changes from revaluation of allowance for credit loss	-	-	-	941	941
New financial assets purchased or acquired	-	-	-	7	7
Derecognition	-	-	-	(787)	(787)
Write-off	-	-	-	(7)	(7)
Balance - end of period	-	-	-	2,026	2,026

3.7 Classification of assets

3.7.1 Classification of assets under the BOT's guidelines

As at 30 September 2022 and 31 December 2021, classification of financial assets is as follows:

(Unit: Thousand Baht)

	As at 30 September 2022				
	Financial assets				
	Debt instruments measured at fair value through other comprehensive income		Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	Total
	Interbank and money market items				
Financial assets with no significant increase in credit risk (Performing)	33,077,060	5,465,651	-	184,990,556	223,533,267
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	21,016,678	21,016,678
Financial assets that are credit-impaired (Non-performing)	-	24,370	8,899	3,926,652	3,959,921
Total	33,077,060	5,490,021	8,899	209,933,886	248,509,866

(Unit: Thousand Baht)

	As at 31 December 2021				
	Financial assets				
	Debt instruments measured at fair value through other comprehensive income		Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	Total
	Interbank and money market items				
Financial assets with no significant increase in credit risk (Performing)	29,061,858	6,851,826	-	172,789,920	208,703,604
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	21,555,713	21,555,713
Financial assets that are credit-impaired (Non-performing)	-	24,370	11,958	4,535,403	4,571,731
Total	29,061,858	6,876,196	11,958	198,881,036	234,831,048

(Unaudited but reviewed)

3.7.2 Loans to customers with weak financial position and poor operating results

	Number of debtors				Loans to customers and accrued interest receivables				Collateral value				Allowance for expected credit loss provided in the accounts			
	as at		as at		as at		as at		as at		as at		as at			
	30	31	30	31	30	31	30	31	30	31	30	31	30	31		
	September	December	September	December	September	December	September	December	September	December	September	December	September	December		
2022		2021		2022		2021		2022		2021		2022		2021		
				(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)		
1. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET and under rehabilitation	1	1	400	476	292	300	400	476								
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	11	10	1,253	641	586	411	141	86								
Total	12	11	1,653	1,117	878	711	541	562								

3.8 Other assets

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Value added tax - net	403,155	330,558
Accrued interest receivables	10,534	30,641
Fee and service receivables	126,553	133,523
Deposits	56,871	55,262
Other receivables	352,828	456,091
Other assets	138,877	202,860
Total other assets	1,088,818	1,208,935

(Unaudited but reviewed)

3.9 Deposits

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Deposits		
Current accounts	2,874,435	3,385,477
Saving accounts	46,207,232	46,931,704
Fixed accounts		
- not over 6 months	10,268,950	9,021,296
- over 6 months but not over 1 year	18,319,565	23,680,305
- over 1 year	6,775,670	2,189,472
Certificates of deposits/negotiable certificates of deposits	99,513,801	82,717,065
Total	<u>183,959,653</u>	<u>167,925,319</u>

3.10 Debts issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	5,640,000	6,640,000
Unsubordinated unsecured debentures	2,800,000	2,220,000
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	<u>8,476,919</u>	<u>8,896,919</u>

3.10.1 Subordinated unsecured debentures

As at 30 September 2022 and 31 December 2021, the Bank has long-term subordinated unsecured debentures with an early redemption right in accordance with the BOT's regulations as follows:

Issued year	Units as at		Face value (Baht) per unit)	Balance as at		Maturity in the year	Interest rate
	30 September 2022	31 December 2021		30 September 2022	31 December 2021		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2017	-	1.00	1,000	-	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2020	1.25	1.25	1,000	1,250	1,250	2030	3.50 percent per annum
2020	0.69	0.69	1,000	690	690	2030	3.15 percent per annum
2021	0.70	0.70	1,000	700	700	2031	3.25 percent per annum
Total				5,640	6,640		

3.10.2 Unsubordinated unsecured debentures

As at 30 September 2022 and 31 December 2021, the Bank has long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units as at		Face value (Baht) per unit)	Balance as at		Maturity in the year	Interest rate
		30 September 2022	31 December 2021		30 September 2022	31 December 2021		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2020	Long-term debenture	-	2.22	1,000	-	2,220	2022	1.40 percent per annum
2022	Long-term debenture	2.80	-	1,000	2,800	-	2024	1.25 percent per annum
Total					2,800	2,220		

3.10.3 Bills of exchange

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

(Unaudited but reviewed)

3.11 Provisions

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Allowance for expected credit loss on loan commitments and financial guarantees	9,186	1,806
Provision for long-term employee benefits	804,223	830,979
Total provisions	<u>813,409</u>	<u>832,785</u>

3.12 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Withholding income tax and other tax payables	135,886	331,684
Accrued insurance premium	191,902	238,966
Deferred income	1,479,027	1,564,645
Accrued expenses	2,080,723	1,276,751
Suspense creditors	909,285	1,028,283
Other liabilities	459,056	418,012
Total other liabilities	<u>5,255,879</u>	<u>4,858,341</u>

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is continuously set aside for payment five years later. It is paid in cash and partly determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 30 September 2022, the Bank has accrued bonus under this scheme amounting to Baht 122 million (31 December 2021: Baht 146 million) and recognised expenses in profit or loss during the nine-month period ended 30 September 2022 amounting to Baht 32 million (2021: Baht 45 million).

3.13 Capital funds

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

The Bank maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, loan against auto license receivables, corporate lending and SME business loans that are qualified to specified requirements, and for equity exposure and other assets. For such loans that are not qualified to the requirements and other loans, the Standardized Approach (SA) is implemented.

Regarding Capital funds as at 30 September 2022 and 31 December 2021, the Bank has allocated the additional reserve from loan classification as part of regulatory capital funds. Such reserve has been allocated to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

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

	(Unit: Thousand Baht)	
	As at	
	30 September 2022	31 December 2021
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	20,417,489	18,463,500
Other components of equity	295,046	302,640
Less: Deductions from Common Equity Tier I items	(136,256)	(137,200)
Total Common Equity Tier I capital	33,318,979	31,371,640
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non-cumulative preference shares	1	1
Total Tier I capital	33,318,980	31,371,641
<u>Tier II capital</u>		
Long-term subordinated debentures	5,640,000	6,640,000
Surplus of provision	738,735	685,907
Reserve for loans classified as normal	522,126	515,890
Total Tier II capital	6,900,861	7,841,797
Total capital funds	40,219,841	39,213,438

(Unaudited but reviewed)

(Unit: Percent)

Capital fund ratios	As at			
	30 September 2022		31 December 2021	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	20.21	7.00	20.16	7.00
Tier I capital to risk assets	20.21	8.50	20.16	8.50
Total capital to risk assets	24.39	11.00	25.20	11.00

To comply with the Notification of the BOT No. Sor Nor Sor. 14/2562 regarding “Public Disclosure of Capital Maintenance for Commercial Banks (No. 2)”, the Bank has disclosed capital maintenance information as at 30 June 2022 on its website (www.tisco.co.th) in October 2022.

3.14 Interest income

Interest income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and 2021 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Interbank and money market items	44,444	35,974	114,846	119,088
Investments in debt securities	11,389	14,105	39,233	44,092
Loans to customers	1,838,102	1,713,098	5,182,792	5,218,680
Hire purchase receivables	1,500,592	1,528,496	4,517,076	4,775,348
Total interest income	<u>3,394,527</u>	<u>3,291,673</u>	<u>9,853,947</u>	<u>10,157,208</u>

Interest income for the three-month and nine-month periods ended 30 September 2022 included interest income on credit-impaired financial assets amounting to Baht 48 million and Baht 157 million, respectively (2021: Baht 93 million and Baht 293 million, respectively). The Bank fully recognised expected credit loss on such interest income.

(Unaudited but reviewed)

3.15 Interest expenses

Interest expenses in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and 2021 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Deposits	338,944	348,204	962,819	1,195,601
Interbank and money market items	779	996	2,571	3,795
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	105,483	108,257	314,256	350,265
Issued debt securities				
- Subordinated debentures	52,033	64,629	160,210	188,619
- Unsubordinated debentures	8,822	7,834	27,055	30,518
Borrowings	229	239	681	691
Others	2,213	2,560	6,813	7,927
Total interest expenses	<u>508,503</u>	<u>532,719</u>	<u>1,474,405</u>	<u>1,777,416</u>

3.16 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and 2021 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Fee and service income				
- Acceptance, aval and guarantees	7,815	500	14,742	3,690
- Insurance service	327,025	213,052	894,155	692,954
- Others	127,827	151,264	389,952	555,630
Total fee and service income	462,667	364,816	1,298,849	1,252,274
Fee and service expenses	(23,733)	(17,518)	(73,302)	(56,603)
Net fee and service income	<u>438,934</u>	<u>347,298</u>	<u>1,225,547</u>	<u>1,195,671</u>

3.17 Expected credit loss

Expected credit loss and gain or loss from the modification of terms of financial assets in the statements of comprehensive income for the three-month and nine-month periods ended 30 September 2022 and 2021 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Expected credit loss				
- Interbank and money market items (reversal)	-	(431)	262	(388)
- Investments in debt instruments measured at amortised cost (reversal)	(4)	28	(3,059)	(302)
- Investments in debt instruments measured at fair value through other comprehensive income and accrued interest receivables	91	91	285	1,106
- Loans to customers	2,338	60,777	39,193	1,096,181
- Other receivables (reversal)	(397)	641	154	2,470
Loss from the modification of terms				
- Loans to customers	1,008	5,191	1,528	11,315
Loan commitments and financial guarantees (reversal)	6,482	(744)	7,380	(12,238)
Total	9,518	65,553	45,743	1,098,144

3.18 Income tax expenses

Income tax expenses of the Bank for the three-month and nine-month periods ended 30 September 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Current income tax:				
Income tax expenses for the period	316,163	269,048	849,906	691,772
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	(25,044)	7,321	(10,175)	38,121
Income tax expenses reported in the statement of comprehensive income	291,119	276,369	839,731	729,893

(Unaudited but reviewed)

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and nine-month periods ended 30 September 2022 and 2021 is as follows:

(Unit: Thousand Baht)

	For the three-month periods ended		For the nine-month periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Accounting profit before tax	<u>1,456,733</u>	<u>1,375,083</u>	<u>4,212,824</u>	<u>3,643,505</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	291,347	275,017	842,565	728,701
Tax effect of net tax-exempt income, net disallowed expenses and additional expense deductions allowed	<u>(228)</u>	<u>1,352</u>	<u>(2,834)</u>	<u>1,192</u>
Income tax expenses reported in the statement of comprehensive income	<u>291,119</u>	<u>276,369</u>	<u>839,731</u>	<u>729,893</u>
Weighted average tax rate	19.98%	20.10%	19.93%	20.03%

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

Changes in deferred tax
assets/liabilities reported
in profit or loss for the
nine-month periods ended

	As at		30 September	
	30 September	31 December		
	2022	2021	2022	2021
Allowance for expected credit loss	9,415	8,412	1,003	(160,436)
Allowance for impairment of investments	2,589	2,589	-	-
Allowance for impairment of properties foreclosed	2,475	3,258	(783)	5,287
Non-accrual of interest income	4,395	5,256	(861)	(640)
Depreciation of assets	(14,422)	(17,383)	2,961	9,820
Surplus on revaluation of assets	(75,286)	(75,634)	-	-
(Surplus) deficit on changes in value of investments	1,524	(26)	-	-
Gain on changes in value of investments	(140,049)	(108,828)	(31,221)	(8,987)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(92,681)	(162,844)	70,163	141,216
Unearned interest income on hire purchase	18,309	42,534	(24,225)	(47,519)
Loss on disposal of properties foreclosed	6,723	26,764	(20,041)	30,244
Accrued expenses	133,117	133,117	-	-
Employee benefit expenses	160,845	166,196	9,316	5,664
Others	68,634	64,771	3,863	(12,770)
Deferred tax assets	85,588	88,182	10,175	(38,121)

3.19 Related party transactions

During the periods, the Bank had significant business transactions with related parties. Such transactions were concluded on bases agreed upon between the Bank and those related parties, and there were no significant changes in the relationship with the related parties or in the pricing policies.

As at 30 September 2022 and 31 December 2021, the balances of accounts between the Bank and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 September 2022	31 December 2021
<u>Outstanding balances</u>		
Parent company		
TISCO Financial Group Plc.		
Loans to customers	1,640,000	565,000
Other assets	165	-
Deposits	15,666	22,583
Lease liabilities	12,375	19,629
Accrued interest payable	83	1
Dividend payable	-	1,999,552
Other liabilities	119,750	121,375
Related companies		
Other assets		
TISCO Securities Co., Ltd.	294	214
TISCO Asset Management Co., Ltd.	3,720	3,997
Hi-Way Co., Ltd.	846	690
TISCO Insurance Solution Co., Ltd.	15,432	15,343
All-Ways Co., Ltd.	36	-
TISCO Learning Center Co., Ltd.	41	-
TISCO Information Technology Co., Ltd.	84	-

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Related companies (continued)		
Deposits		
Hi-Way Co., Ltd.	132,123	125,602
TISCO Insurance Solution Co., Ltd.	432,117	517,442
TISCO Information Technology Co., Ltd.	499,488	437,976
TISCO Learning Center Co., Ltd.	59,950	42,847
All-Ways Co., Ltd.	247,661	204,045
Primus Leasing Co., Ltd.	32,897	32,897
TISCO Tokyo Leasing Co., Ltd.	1,444	1,771
Interbank and money market items (liabilities)		
TISCO Securities Co., Ltd.	290,767	430,245
TISCO Asset Management Co., Ltd.	72,797	503,291
Lease liabilities		
TISCO Securities Co., Ltd.	639	822
Hi-Way Co., Ltd.	3,748	2,031
Accrued interest payable		
TISCO Securities Co., Ltd.	77	6
TISCO Asset Management Co., Ltd.	55	14
Hi-Way Co., Ltd.	51	3
TISCO Insurance Solution Co., Ltd.	42	6
TISCO Information Technology Co., Ltd.	136	13
TISCO Learning Center Co., Ltd.	44	17
All-Ways Co., Ltd.	66	55
Other liabilities		
Hi-Way Co., Ltd.	247,000	216,400
TISCO Insurance Solution Co., Ltd.	11,337	13,565
TISCO Learning Center Co., Ltd.	2,599	-
All-Ways Co., Ltd.	7,290	8,204

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Management - departmental managers upward		
Loans ⁽¹⁾	9,847	8,183
Directors and management - departmental managers upward		
Deposits	215,959	369,850
Companies which directors or their related persons have significant influence over		
Deposits	546,477	39,580
Related persons of directors and key management		
Deposits	50,549	70,555
Commitments - guarantees		
Parent company		
TISCO Financial Group Plc.	1,040	1,040
Related companies		
TISCO Securities Co., Ltd.	540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Insurance Solution Co., Ltd.	200	200
TISCO Information Technology Co., Ltd.	1,014	1,014
Commitments - undrawn overdraft facilities		
Related companies		
TISCO Securities Co., Ltd.	30,000	30,000
TISCO Asset Management Co., Ltd.	200,000	200,000
Commitments - loan credit lines ⁽²⁾		
Parent company		
TISCO Financial Group Plc.	9,500,000	9,500,000
Related companies		
TISCO Securities Co., Ltd. ⁽³⁾	5,000,000	5,000,000
TISCO Asset Management Co., Ltd. ⁽³⁾	500,000	500,000
Hi-Way Co., Ltd.	3,500,000	3,500,000
TISCO Insurance Solution Co., Ltd.	500,000	500,000
TISCO Information Technology Co., Ltd.	50,000	50,000
All-Ways Co., Ltd.	1,000,000	1,000,000
TISCO Tokyo Leasing Co., Ltd.	500,000	500,000
Commitments - financial guarantees		
TISCO Tokyo Leasing Co., Ltd.	8,000	-

(1) Including employee welfare loans and normal loans

(2) Total loan balances for all credit lines granted to all companies in TISCO Group must not exceed Baht 9,500 million.

(3) Subordinated loan credit lines

(Unaudited but reviewed)

Loans to related companies

As at 30 September 2022 and 31 December 2021, the balances of loans between the Bank and its related companies and their movements are as follows:

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2022			Balance - end of period
	Balance - beginning of period	Increase	Decrease	
Parent company				
Loans				
TISCO Financial Group Plc.	565,000	1,640,000	(565,000)	1,640,000
Related companies				
Interbank and money market items (assets):				
TISCO Securities Co., Ltd.	-	300,000	(300,000)	-

During the periods, the Bank had significant business transactions with related parties. Significant related party transactions are summarised below.

(Unit: Thousand Baht)

	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2022	2021	2022	2021
<u>Transactions occurred during the periods</u>				
Parent company				
Interest income	2,556	2,651	2,973	9,285
Other income	180	290	540	540
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses				
	358,750	362,500	1,076,250	1,087,500
Interest expenses	182	169	763	767
Other expenses	2,509	2,509	7,526	7,526
Related companies				
Interest income	-	7	1,610	322
Insurance service income	15,310	16,000	45,930	48,003
Other income	13,170	15,966	39,635	67,615
Expenses involving loans	247,029	213,800	706,246	641,600
Computer system advisory service expenses				
	152,500	157,500	457,500	472,500
Training expenses	12,263	5,405	31,031	18,480
Interest expenses	806	1,037	2,109	2,525
Other expenses	8,094	3,444	26,426	5,420

(Unaudited but reviewed)

Directors' and key management's benefits

During the three-month and nine-month periods ended 30 September 2022 and 2021, the Bank had short-term benefit expenses and post-employment benefit expenses to its directors and key management as follows:

	(Unit: Million Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022	2021	2022	2021
Short-term benefits	27	23	74	68
Post-employment benefits	5	4	13	12
Total	32	27	87	80

3.20 Segment information

The Bank is organised into business units based on its products and services. During the current period, there was no change in the composition of the reporting segments.

Revenue and profit information regarding the Bank's operating segments for the three-month and nine-month periods ended 30 September 2022 and 2021 is as follows:

	(Unit: Million Baht)					
	For the three-month period ended 30 September 2022					
	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue:						
External customers	2,966	414	35	3,415	-	3,415
Inter-segment	-	-	825	825	(825)	-
Total revenue	2,966	414	860	4,240	(825)	3,415
Operating results:						
Net interest income	2,504	365	17	2,886	-	2,886
Net fee and service income	414	30	(5)	439	-	439
Other operating income	48	19	848	915	(825)	90
Total operating income	2,966	414	860	4,240	(825)	3,415
Premises and equipment expenses and amortisation	(56)	(6)	(220)	(282)	-	(282)
Other operating expenses	(1,697)	(184)	(610)	(2,491)	825	(1,666)
Expected credit loss	(303)	11	282	(10)	-	(10)
Total operating expenses	(2,056)	(179)	(548)	(2,783)	825	(1,958)
Segment profit before income tax expenses	910	235	312	1,457	-	1,457
Income tax expenses						(291)
Profit for the period						1,166

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2021

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue						
External customers	2,819	355	12	3,186	-	3,186
Inter-segment	-	-	700	700	(700)	-
Total revenue	<u>2,819</u>	<u>355</u>	<u>712</u>	<u>3,886</u>	<u>(700)</u>	<u>3,186</u>
Operating results:						
Net interest income	2,440	324	(5)	2,759	-	2,759
Net fee and service income	330	21	(4)	347	-	347
Other operating income	49	10	721	780	(700)	80
Total operating income	<u>2,819</u>	<u>355</u>	<u>712</u>	<u>3,886</u>	<u>(700)</u>	<u>3,186</u>
Premises and equipment expenses and amortisation	(66)	(5)	(242)	(313)	-	(313)
Other operating expenses	(1,525)	(145)	(463)	(2,133)	700	(1,433)
Expected credit loss	(344)	(19)	298	(65)	-	(65)
Total operating expenses	<u>(1,935)</u>	<u>(169)</u>	<u>(407)</u>	<u>(2,511)</u>	<u>700</u>	<u>(1,811)</u>
Segment profit before income tax expenses	<u>884</u>	<u>186</u>	<u>305</u>	<u>1,375</u>	<u>-</u>	<u>1,375</u>
Income tax expenses						(276)
Profit for the period						<u>1,099</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2022

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue						
External customers	8,650	1,103	229	9,982	-	9,982
Inter-segment	-	-	2,627	2,627	(2,627)	-
Total revenue	<u>8,650</u>	<u>1,103</u>	<u>2,856</u>	<u>12,609</u>	<u>(2,627)</u>	<u>9,982</u>
Operating results:						
Net interest income	7,335	1,025	20	8,380	-	8,380
Net fee and service income	1,154	87	(15)	1,226	-	1,226
Other operating income	161	(9)	2,851	3,003	(2,627)	376
Total operating income	<u>8,650</u>	<u>1,103</u>	<u>2,856</u>	<u>12,609</u>	<u>(2,627)</u>	<u>9,982</u>
Premises and equipment expenses and amortisation	(178)	(19)	(658)	(855)	-	(855)
Other operating expenses	(5,008)	(504)	(1,983)	(7,495)	2,627	(4,868)
Expected credit loss	(259)	52	161	(46)	-	(46)
Total operating expenses	<u>(5,445)</u>	<u>(471)</u>	<u>(2,480)</u>	<u>(8,396)</u>	<u>2,627</u>	<u>(5,769)</u>
Segment profit before income tax expenses	<u>3,205</u>	<u>632</u>	<u>376</u>	<u>4,213</u>	<u>-</u>	<u>4,213</u>
Income tax expenses						(840)
Profit for the period						<u>3,373</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2021

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue						
External customers	8,737	1,028	125	9,890	-	9,890
Inter-segment	-	-	2,124	2,124	(2,124)	-
Total revenue	<u>8,737</u>	<u>1,028</u>	<u>2,249</u>	<u>12,014</u>	<u>(2,124)</u>	<u>9,890</u>
Operating results:						
Net interest income	7,449	933	(2)	8,380	-	8,380
Net fee and service income	1,127	83	(14)	1,196	-	1,196
Other operating income	161	12	2,265	2,438	(2,124)	314
Total operating income	<u>8,737</u>	<u>1,028</u>	<u>2,249</u>	<u>12,014</u>	<u>(2,124)</u>	<u>9,890</u>
Premises and equipment expenses and amortisation	(215)	(16)	(741)	(972)	-	(972)
Other operating expenses	(4,494)	(408)	(1,398)	(6,300)	2,124	(4,176)
Expected credit loss	(301)	5	(802)	(1,098)	-	(1,098)
Total operating expenses	<u>(5,010)</u>	<u>(419)</u>	<u>(2,941)</u>	<u>(8,370)</u>	<u>2,124</u>	<u>(6,246)</u>
Segment profit (loss) before income tax expenses	<u>3,727</u>	<u>609</u>	<u>(692)</u>	<u>3,644</u>	<u>-</u>	<u>3,644</u>
Income tax expenses						(730)
Profit for the period						<u>2,914</u>

(Unaudited but reviewed)

Total assets information regarding the Bank's operating segments as at 30 September 2022 and 31 December 2021 is as follows:

(Unit: Million Baht)

	As at 30 September 2022			Total segments
	Retail banking	Corporate banking	Treasury investment and others	
Segment total assets	164,826	43,673	34,200	242,699
Premises and equipment - net	19	2	686	707

(Unit: Million Baht)

	As at 31 December 2021			Total segments
	Retail banking	Corporate banking	Treasury investment and others	
Segment total assets	161,878	35,541	31,196	228,615
Premises and equipment - net	20	1	697	718

3.21 Commitments and contingent liabilities

3.21.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 September 2022	31 December 2021
Avals to bills	100,000	630
Other guarantees	1,399,312	525,695
Undrawn client overdraft facilities	230,000	230,000
Foreign exchange contracts	1,895,335	1,512,926
Others	2,344,704	1,012,791
Total	5,969,351	3,282,042

3.21.2 Litigation

As at 30 September 2022 and 31 December 2021, the Bank has been sued for compensation totalling approximately Baht 218 million and Baht 165 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material loss to the financial statements will be incurred as a result of the mentioned lawsuits.

3.21.3 Other commitments

The Bank has commitments in relation to computer service agreements with a related party and other companies, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

3.22 Fair value of financial instruments

3.22.1 As at 30 September 2022 and 31 December 2021, the Bank has financial assets and liabilities that are measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 30 September 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Financial assets measured at fair value through profit or loss					
Equity instruments	930	6	-	924	930
Investments - debt instruments	5,490	-	5,466	24	5,490
<u>Financial liabilities measured at fair value</u>					
Derivatives					
Foreign exchange contracts	155	-	155	-	155

(Unit: Million Baht)

	As at 31 December 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Financial assets measured at fair value through profit or loss					
Equity instruments	774	7	-	767	774
Investments - debt instruments	6,876	-	6,852	24	6,876
<u>Financial liabilities measured at fair value</u>					
Derivatives					
Foreign exchange contracts	3	-	3	-	3

(Unaudited but reviewed)

Apart from the above financial assets and liabilities presented at fair value, the Bank has other financial assets and liabilities presented at cost but are subject to disclosure at fair value. However, since the majority of the Bank's financial assets and liabilities are short-term in nature or carrying interest at rates close to the market interest rates, fair value of financial instruments carried at cost is not expected to be materially different from the amounts presented in the statement of financial position, except for the following financial assets and liabilities for which book value is materially different from fair value.

(Unit: Million Baht)

	As at			
	30 September 2022		31 December 2021	
	Book value	Fair value	Book value	Fair value
<u>Financial assets</u>				
Loans to customers and accrued interest receivables	199,900	204,375	188,215	193,266
<u>Financial liabilities</u>				
Debts issued and borrowings	8,477	7,828	8,897	8,394

During the current period, there were no changes in approaches or assumptions used in determining fair value of financial instruments and there were no transfers within the fair value hierarchy.

3.22.2 A reconciliation of the financial assets measured at fair value on a recurring basis which are categorised within level 3 of the fair value hierarchy is presented as follows:

(Unit: Million Baht)

	Non-marketable equity instruments
Balance as at 1 January 2022	767
Net gain recognised in profit or loss	157
Balance as at 30 September 2022	924

4. Approval of interim financial information

This interim financial information was authorised for issue by the Bank's Audit Committee on 10 November 2022.