
EASY BUY PUBLIC COMPANY LIMITED

Interim Financial Statements

***Three-month and nine-month periods ended
September 30, 2020***

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION BY THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE BOARD OF DIRECTORS EASY BUY PUBLIC COMPANY LIMITED

We have reviewed the statement of financial position of EASY BUY Public Company Limited as at September 30, 2020 and the related statements of profit or loss and other comprehensive income for the three-month and nine-month periods ended September 30, 2020, and the related statements of changes in shareholders' equity and cash flows for the nine-month period ended September 30, 2020, and the condensed notes to the financial statements. The Company's management is responsible for the preparation and fair presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our 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 us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information has not been prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting".

Emphasis of Matter

Without modifying our conclusion on the aforementioned interim financial information, we draw attention to Note 3 to the interim financial statements that EASY BUY Public Company Limited have adopted new accounting policies in accordance with group of Financial Instruments Standards and Thai Financial Reporting Standard No. 16 “Leases” which become effective for fiscal years beginning on or after January 1, 2020



Kasiti Ketsuriyonk
Certified Public Accountant (Thailand)
Registration No. 8833

BANGKOK
November 26, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

Unit : Thousand Baht

		“Unaudited”	
	Notes	As At	As At
		September 30,	December 31,
		2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		273,232	304,754
Loan receivables due within one year	6	52,241,621	53,555,597
Other receivables		166,945	193,111
Derivative assets		1,323	-
Total Current Assets		<u>52,683,121</u>	<u>54,053,462</u>
NON-CURRENT ASSETS			
Loan receivables	6	36,621	44,935
Leasehold improvements and equipment		140,886	144,103
Right-of-use assets		243,392	-
Intangible assets		41,024	63,972
Deferred tax assets	7	1,159,817	947,718
Other non-current assets		79,039	86,326
Total Non-current Assets		<u>1,700,779</u>	<u>1,287,054</u>
TOTAL ASSETS		<u><u>54,383,900</u></u>	<u><u>55,340,516</u></u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2020

Unit : Thousand Baht

		“Unaudited”	
	Notes	As At	As At
		September 30,	December 31,
		2020	2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	5 and 8	2,873,906	4,163,225
Trade accounts payable		1,106	2,459
Other payables		505,428	613,124
Current portion of long-term borrowings from financial institutions	5 and 8	3,541,070	3,317,177
Current portion of debentures	8	4,499,348	4,137,460
Current portion of lease liabilities		82,161	-
Current income tax payable		400,249	699,882
Current portion of decommissioning obligations for leasehold improvement		31,417	-
Derivative liabilities	8	39,975	-
Total Current Liabilities		11,974,660	12,933,327
NON-CURRENT LIABILITIES			
Long-term borrowings from financial institutions	5 and 8	5,784,094	6,349,411
Debentures	8	8,493,512	9,991,505
Lease liabilities		161,328	-
Provision for employee benefits		201,126	186,423
Decommissioning obligations for leasehold improvement		32,168	64,107
Long-term derivative liabilities	8	146,118	-
Total Non-current Liabilities		14,818,346	16,591,446
TOTAL LIABILITIES		26,793,006	29,524,773

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT SEPTEMBER 30, 2020

Unit : Thousand Baht

		“Unaudited”	
	Notes	As At	As At
		September 30,	December 31,
		2020	2019
LIABILITIES AND SHAREHOLDERS’ EQUITY (CONTINUED)			
SHAREHOLDERS’ EQUITY			
SHARE CAPITAL			
Authorized share capital			
600,000,000 ordinary shares of Baht 10 each		6,000,000	6,000,000
Issued and paid-up share capital			
600,000,000 ordinary shares of Baht 10 each, fully paid		6,000,000	6,000,000
RETAINED EARNINGS			
Appropriated			
Legal reserve		600,000	600,000
Unappropriated		20,990,894	19,215,743
TOTAL SHAREHOLDERS’ EQUITY		27,590,894	25,815,743
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		54,383,900	55,340,516

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“Unaudited”

Unit : Thousand Baht

	Notes	2020	2019
REVENUES			
Income from personal loans		3,421,318	3,577,272
Income from installment loans		3,846	4,708
Other income	9	364,931	319,317
Total Revenues		<u>3,790,095</u>	<u>3,901,297</u>
EXPENSES			
Operating expenses		239,165	216,910
Administrative expenses		715,991	726,784
Bad debts and doubtful accounts expenses	6	-	1,040,449
Expected credit losses	6	828,551	-
Finance costs		145,722	209,987
Total Expenses		<u>1,929,429</u>	<u>2,194,130</u>
PROFIT BEFORE TAX EXPENSE		1,860,666	1,707,167
TAX EXPENSE	12	380,936	345,100
PROFIT FOR THE PERIOD		<u>1,479,730</u>	<u>1,362,067</u>
OTHER COMPREHENSIVE INCOME			
FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD		<u><u>1,479,730</u></u>	<u><u>1,362,067</u></u>
BASIC EARNINGS PER SHARE			
	BAHT	2.47	2.27
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	600,000,000	600,000,000

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“Unaudited”

Unit : Thousand Baht

	Notes	2020	2019
REVENUES			
Income from personal loans		10,422,144	10,473,819
Income from installment loans		12,960	13,965
Other income	9	1,073,692	929,586
Total Revenues		<u>11,508,796</u>	<u>11,417,370</u>
EXPENSES			
Operating expenses		653,913	627,012
Administrative expenses		2,121,245	2,148,693
Bad debts and doubtful accounts expenses	6	-	3,061,847
Expected credit losses	6	3,109,526	-
Finance costs		512,747	619,971
Total Expenses		<u>6,397,431</u>	<u>6,457,523</u>
PROFIT BEFORE TAX EXPENSE		5,111,365	4,959,847
TAX EXPENSE	12	<u>1,036,021</u>	<u>992,661</u>
PROFIT FOR THE PERIOD		4,075,344	3,967,186
OTHER COMPREHENSIVE INCOME			
FOR THE PERIOD, NET OF TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME			
FOR THE PERIOD		<u><u>4,075,344</u></u>	<u><u>3,967,186</u></u>
BASIC EARNINGS PER SHARE	BAHT	6.79	6.61
WEIGHTED AVERAGE NUMBER OF			
ORDINARY SHARES	SHARES	600,000,000	600,000,000

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“Unaudited”

Unit : Thousand Baht

		Retained earnings			
		Share capital			Total
		Issued and	Appropriated		shareholders'
	Notes	paid-up	Legal reserve	Unappropriated	equity
Balance as at January 1, 2019		6,000,000	600,000	15,435,915	22,035,915
Total comprehensive					
income for the period		-	-	3,967,186	3,967,186
Dividends paid	11.1	-	-	(1,422,000)	(1,422,000)
Balance as at September 30, 2019		6,000,000	600,000	17,981,101	24,581,101
Balance as at January 1, 2020		6,000,000	600,000	19,215,743	25,815,743
The effects of adoption of recently					
issued accounting standard	2.2	-	-	(734,193)	(734,193)
Total comprehensive					
income for the period		-	-	4,075,344	4,075,344
Dividends paid	11.2	-	-	(1,566,000)	(1,566,000)
Balance as at September 30, 2020		6,000,000	600,000	20,990,894	27,590,894

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“Unaudited”

Unit : Thousand Baht

	Notes	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax expense		5,111,365	4,959,847
Adjustments for:			
Depreciation and amortization expenses		263,139	92,535
Interest income		(10,435,104)	(10,487,784)
Finance costs		512,747	619,971
Bad debts and doubtful accounts expenses		-	3,061,847
Expected credit losses		3,109,526	-
Employee benefit expense		14,703	43,445
Loss on disposal of equipment and intangible assets		155	311
		(1,423,469)	(1,709,828)
Changes in operating assets and liabilities			
Loan receivables		(2,652,049)	(4,928,855)
Other receivables		21,964	212,094
Other non-current assets		7,287	(8,315)
Trade accounts payable		(1,353)	(3,362)
Other payables		(38,410)	(106,822)
Cash paid for operating activities		(4,086,030)	(6,545,088)
Cash received from interest income		10,523,663	10,399,273
Interest paid		(566,433)	(691,864)
Income tax paid		(1,361,805)	(1,315,414)
Net cash provided by operating activities		4,509,395	1,846,907

EASY BUY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2020
“Unaudited”

		Unit : Thousand Baht	
	Notes	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash paid for purchasing of leasehold improvements and equipment	4	(32,642)	(28,686)
Proceeds from sale of equipment		37	210
Cash paid for purchasing of intangible assets	4	-	(3,994)
Net cash used in investing activities		<u>(32,605)</u>	<u>(32,470)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings from financial institutions	4	30,553,873	37,967,645
Repayment of short-term borrowings from financial institutions	4	(31,843,973)	(37,421,651)
Proceeds from long-term borrowings from financial institutions	4	1,700,000	2,689,260
Repayment of long-term borrowings from financial institutions	4	(2,023,670)	(2,548,075)
Proceeds from issuing debentures	4	1,500,000	2,500,000
Repayment of debentures	4	(2,639,600)	(3,964,800)
Repayment of the lease liabilities	4	(188,942)	-
Dividends paid to owners of the Company	11	(1,566,000)	(1,422,000)
Net cash used in financing activities		<u>(4,508,312)</u>	<u>(2,199,621)</u>
Net decrease in cash and cash equivalents		(31,522)	(385,184)
Cash and cash equivalents as at January 1,		<u>304,754</u>	<u>635,110</u>
Cash and cash equivalents as at September 30,		<u><u>273,232</u></u>	<u><u>249,926</u></u>

See condensed notes to the financial statements

EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020
“Unaudited”

Notes	Contents
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3.	Significant accounting policies
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5.	Transactions with related parties
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EASY BUY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020
“Unaudited”

1. GENERAL INFORMATION

EASY BUY Public Company Limited, (the “Company”), was incorporated in Thailand. Its registered office is located at 5th Floor, Sathorn Square Office Tower, 98 North Sathorn Road, Silom, Bangrak, Bangkok.

The immediate parent of the Company is ACOM CO., LTD. which was incorporated in Japan.

The principal business of the Company is consumer finance business representing personal loans and installment loans.

The Coronavirus disease 2019 (“COVID-19”) pandemic

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

The Company issued relief measures to customers affected by the COVID-19 pandemic on March 19, 2020 by reducing interest rate and skip payment for personal loan and installment loan customers following the Bank of Thailand’s relief measures for debtors affected by COVID-19 pandemic.

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Statement of compliance

The interim financial statements are prepared in Thai Baht and compliance with Thai Accounting Standard (“TAS”) No. 34 “Interim Financial Reporting” and accounting practices generally accepted in Thailand and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statement (No.3) B.E. 2562” dated December 26, 2019.

The statement of financial position as at December 31, 2019, presented herein for comparison, has been derived from the financial statements of the Company for the year then ended which had been previously audited.

The unaudited results of operations presented in the three-month and nine-month periods ended September 30, 2020 are not necessarily indicative of the operating results anticipated for the full year.

Certain financial information which is normally included in the annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month and nine-month periods ended September 30, 2020 should be read in conjunction with the audited financial statements for the year ended December 31, 2019.

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's interim financial statements, except the following financial reporting standards:

Group of Financial Instruments Standards

Thai Accounting Standards ("TAS")

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

In the current year, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of Thai Financial Reporting Standards No. 9 ("TFRS 9") as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduce new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities,
- 2) Impairment of financial assets, and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

a) Classification and measurement of financial assets and liabilities:

TFRS 9 requires financial assets to be classified and measured subsequently at amortized cost or fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”). The classification and measurement depend on the Company business model for managing its financial assets and the contractual cash flow characteristics of financial assets.

Financial liabilities are generally classified and measured subsequently at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

b) Impairment of financial assets:

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on:

- (1) Financial assets measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply.

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (“ECL”) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company are required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

c) Impact of initial application of TFRS 9 on financial position:

The tables below show the adjustment for each financial statement line item affected by the application of TFRS 9 for the current period.

		Unit : Thousand Baht				
	Previous classification and measurement	Carrying amounts as at December 31, 2019	TFRS 9 adjustments		Carrying amounts as at January 1, 2020	New classification and measurement
		As previously reported	ECL	Others		
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	Cost	304,754	-	-	304,754	Amortized Cost
Loan receivables due within one year	Cost less allowance for doubtful account	53,555,597	(776,488)	-	52,779,109	Amortized Cost
NON-CURRENT ASSETS						
Loan receivables	Cost less allowance for doubtful account	44,935	234	-	45,169	Amortized Cost
Deferred tax assets	-	947,718	-	185,805	1,133,523	-
LIABILITIES						
CURRENT LIABILITIES						
Short-term borrowings from financial institutions	Cost	4,163,225	-	-	4,163,255	Amortized Cost
Other payable	Cost	613,124	-	(13,929)	599,195	Amortized Cost
Current portion of long- term borrowings from financial institutions	Cost	3,317,177	-	(140,849)	3,176,328	Amortized Cost
Current portion of debentures	Cost	4,137,460	-	(78,004)	4,059,456	Amortized Cost
Derivative liabilities	-	-	-	253,246	253,246	FVTPL
NON-CURRENT LIABILITIES						
Long-term borrowings from financial institutions	Cost	6,349,411	-	(55,721)	6,293,690	Amortized Cost
Debentures	Cost	9,991,505	-	-	9,991,505	Amortized Cost
Long-term derivative liabilities	-	-	-	179,001	179,001	FVTPL
SHAREHOLDERS' EQUITY						
Unappropriated retained earnings	-	19,215,743	(776,254)	42,061	18,481,550	-

The following table reconciles the aggregate opening allowance for doubtful accounts of financial instruments as at December 31, 2019 to expected credit loss as of January 1, 2020 in accordance with TFRS 9.

	Allowance amounts as at December 31, 2019	TFRS 9 adjustments	Unit : Thousand Baht ECL amounts as at January 1, 2020
Allowance for			
Loan receivables due within one year	3,522,827	776,488	4,299,315
Loan receivables	477	(234)	243

Thai Financial Reporting Standards No. 16 “Leases”

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS supersedes the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether an Arrangement contains a Lease”.

For lessee accounting, there are significant changes to lease accounting in this TFRS by removing the distinction between operating and finance leases under TAS 17 and requiring a lessee to recognize a right-of-use asset and a lease liability at commencement date for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. However, the lessor accounting treatment continues to require a lessor to classify a lease either as an operating lease or a finance lease, using the same concept as TAS 17.

Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 2.73%.

The following table shows the operating lease commitments disclosed applying TAS 17 as at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

	Unit : Thousand Baht
Operating lease commitments as at December 31, 2019	310,847
Short-term leases and leases of low-value assets	(11,059)
Effect of discounting the above amounts	(8,257)
Lease liabilities recognized as at January 1, 2020	<u>291,531</u>

The Company has recognized Baht 294.15 million of right-of-use assets and Baht 291.53 of lease liabilities upon transition to TFRS 16. The difference of Baht 2.62 million came from prepayment relating to leases recognized in the statement of financial position before the date of initial application.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidance, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who are effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who are effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 “Presentation of Financial Statements” and Thai Accounting Standards No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when it becomes effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

2.4 Functional and presentation currency

The interim financial statements are presented in Baht, which is the Company's functional currency. All financial information presented in Baht has been rounded in the notes to the financial statements to the nearest thousand Baht unless otherwise stated.

2.5 Use of estimates and judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenue and expense during the year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2019 except accounting policies to be applied from January 1, 2020, as the following significant accounting policies:

3.1 Financial Instruments

The Company recognizes financial assets and financial liabilities in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

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

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a financial assets and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate).

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost.

Impairment of financial assets

The Company recognizes allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortized cost as well as loans to customers by applying expected credit loss model. The Company accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognized.

The Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(a) Significant increase in credit risk

The Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment including forward-looking information.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if;

- (1) The financial instrument has a low risk of default,
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(b) Definition of default

The Company considers constituting an event of default for internal credit risk management policies and historical experience indicates that financial assets are defaulted by considering information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, in full.

Irrespective of the above analysis, the Company considers that default has occurred when the past due is more than 90 days unless the Company has supportable information to demonstrate that a more lagging default criterion is reasonable.

(c) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the consideration of following events;

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(d) Write-off policy

The Company writes off loans to customers when there is information indicating that the debtor is in financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of loans to customers, when the days past due are over the period that the Management determined, whichever occurs sooner. Loans to customers written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(e) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

For installment loan receivables, the exposure at default is represented by the asset's gross carrying amount at the reporting date.

For personal loan receivables, the exposure at default is represented by the asset's gross carrying amount at the reporting date and includes with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

Financial liabilities measured subsequently at amortized cost

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which the risks and rewards of ownership are transferred.

A financial liability is derecognized from the statement of financial position when the Company has discharged its obligation or the contract is cancelled or expires.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency and interest rate swap agreements, and interest rate swap agreements.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.2 Leases

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of Thai Accounting Standard No.17 “Leases”. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rates.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses.

4. ADDITIONAL CASH FLOW INFORMATION

Significant non-cash items in the interim financial statements for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	Unit : Thousand Baht “Unaudited” For the nine-month periods ended September 30,	
	2020	2019
Leasehold improvements and equipment		
Liabilities recorded at beginning of periods	154	1,769
Purchase of leasehold improvements and equipment	49,363	27,012
	<u>49,517</u>	<u>28,781</u>
<u>Less</u> Cash paid for purchase of leasehold improvements and equipment	<u>(32,642)</u>	<u>(28,686)</u>
Liabilities recorded at ending of periods	<u>16,875</u>	<u>95</u>

For the nine-month periods ended September 30, 2020 and 2019, the Company recorded leasehold improvements related to provision for restoration cost of Baht 0.30 million and Baht 0.40 million, respectively.

	Unit : Thousand Baht “Unaudited” For the nine-month periods ended September 30,	
	2020	2019
Intangible assets		
Liabilities recorded at beginning of periods	-	-
Purchase of intangible assets	-	3,994
	<u>-</u>	<u>3,994</u>
<u>Less</u> Cash paid for purchase of intangible assets	<u>-</u>	<u>(3,994)</u>
Liabilities recorded at ending of periods	<u>-</u>	<u>-</u>

Reconciliation of liabilities arising from financing activities for the nine-month periods ended September 30, 2020 and 2019 are as follows:

	Unit : Thousand Baht			
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debentures	Lease liabilities Total
As at December 31, 2019	4,163,225	9,666,588	14,128,965	- 27,958,778
Impact of first adoption of TFRS 9	-	(196,570)	(78,004)	291,531 16,957
As at January 1, 2020	4,163,225	9,470,018	14,050,961	291,531 27,975,735
Changes in cash flow				
Cash proceeds	30,553,873	1,700,000	1,500,000	- 33,753,873
Cash repayment	(31,843,973)	(2,023,670)	(2,639,600)	(188,942) (36,696,185)
Non-cash changes				
Differences on translating foreign currencies	-	178,176	78,004	- 256,180
Deferred issuance costs on debentures and borrowings	781	640	3,495	- 4,916
New lease agreement	-	-	-	135,838 135,838
Others	-	-	-	5,062 5,062
As at September 30, 2020	2,873,906	9,325,164	12,992,860	243,489 25,435,419

	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Unit : Thousand Baht Debentures	Total
As at January 1, 2019	3,385,848	10,493,596	15,580,334	29,459,778
Changes in cash flow				
Cash proceeds	37,967,645	2,689,260	2,500,000	43,156,905
Cash repayment	(37,421,651)	(2,548,075)	(3,964,800)	(43,934,526)
Non-cash changes				
Maturity	(450,000)	-	-	(450,000)
Renewal	450,000	-	-	450,000
Deferred issuance costs				
on debentures and borrowings	2,009	1,421	10,202	13,632
As at September 30, 2019	<u>3,933,851</u>	<u>10,636,202</u>	<u>14,125,736</u>	<u>28,695,789</u>

5. TRANSACTIONS WITH RELATED PARTIES

For the purposes of these interim financial statements, a party is considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties are as follows:

Related Parties	Type of Business	Country of incorporation/ Nationality	Nature of relationships
ACOM CO., LTD.	Consumer Finance Business	Japan	Parent company, 71.00% shareholding
Bank of Ayudhya Public Company Limited	Banking Business	Thailand	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.18% shareholding in parent company
MUFG Bank, Ltd.	Banking Business	Japan	Financial institution in group of Mitsubishi UFJ Financial Group (MUFG), 40.18% shareholding in parent company
GCT Management (Thailand) Ltd.	Investment Company	Thailand	Shareholder, 25.00% shareholding
Key management personnel	-	Japanese, Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company (whether executive or otherwise)

Significant transactions with related parties for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

	Unit : Thousand Baht “Unaudited” For the three-month periods ended September 30,	
	2020	2019
Finance costs		
Related parties		
Interest expense	23,770	41,258
Guarantee fee	-	259
Debenture arrangement fee	161	3,061
Upfront fee	180	432
Administrative expenses		
Key management personnel		
Key management personnel’s compensation (Short-term benefits)	19,856	23,373
Key management personnel’s compensation (Long-term benefits)	136	206

	Unit : Thousand Baht “Unaudited” For the nine-month periods ended September 30,	
	2020	2019
Finance costs		
Related parties		
Interest expense	77,243	119,693
Guarantee fee	85	780
Debenture arrangement fee	1,492	9,115
Upfront fee	640	1,421
Administrative expenses		
Key management personnel		
Key management personnel’s compensation (Short-term benefits)	58,894	68,745
Key management personnel’s compensation (Long-term benefits)	407	617

Balances with related parties as at September 30, 2020 and December 31, 2019 are as follows:

	Unit : Thousand Baht “Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Short-term borrowings from financial institutions		
Related parties		
Bank of Ayudhya Public Company Limited	780,000	400,100
Total	780,000	400,100

As at September 30, 2020, short-term borrowings from financial institutions from other related parties bear interest at 0.81% per annum (as at December 31, 2019: 1.56% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Current portion of long-term borrowings from financial institutions		
Related parties		
MUFG Bank, Ltd., Singapore branch		
- USD 8.00 million (December 31, 2019: USD 16.50 million)	254,606	571,070
Bank of Ayudhya Public Company Limited	300,000	300,000
Long-term borrowings from financial institutions		
Related parties		
MUFG Bank, Ltd., Singapore branch		
- Nil (December 31, 2019: USD 8.00 million)	-	276,400
Bank of Ayudhya Public Company Limited	4,884,094	4,084,094
Total	5,438,700	5,231,564

As at September 30, 2020, long-term borrowings from financial institutions from other related parties bear interest at rates ranging from 0.77% - 3.72% per annum (as at December 31, 2019: 2.56% - 3.78% per annum).

	Unit : Thousand Baht	
	“Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Other payables		
Accrued interest expense		
Related parties		
MUFG Bank, Ltd., Singapore branch	26	154
Bank of Ayudhya Public Company Limited	22,493	28,174
Total	22,519	28,328

	Unit : Thousand Baht	
	“Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Deferred issuance cost (presented net from long-term borrowings and debentures)		
Related parties		
MUFG Bank, Ltd.	137	1,823
Bank of Ayudhya Public Company Limited	490	807
Total	627	2,630

Significant agreements with related parties

Guarantee fee agreements

The Company entered into agreements with ACOM CO., LTD., the parent company, which has guaranteed the financial institutions due performance of obligations by the Company under loan agreements with financial institutions (if any). In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of loans as stipulated in the agreements unless the Company gives prior written notice to terminate the agreements.

The Company entered into agreements with MUFG Bank, Ltd., a financial institution in the group of Mitsubishi UFJ Financial Group, which has guaranteed the debentures due performance of obligations by the Company under conditions of debentures. In consideration thereof, the Company is committed to pay guarantee fee based on certain percentage of the outstanding balances of debentures as stipulated in the agreements.

Cross currency and interest rate swap agreements

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in foreign currencies with volatility of floating interest rate by swapping foreign currencies and floating interest rates or fixed interest rates to Baht currency in fixed interest rates as specified in the agreements (see Note 8).

Interest rate swap agreements

The Company entered into agreements with Bank of Ayudhya Public Company Limited to hedge financial liabilities denominated in Baht currency with volatility of floating interest rates by swapping floating interest rates to fixed interest rates as specified in the agreements (see Note 8).

6. LOAN RECEIVABLES

	Unit : Thousand Baht				
	“Unaudited”		As at December 31, 2019		
	As at September 30, 2020				
	Personal Loan Receivables	Installment Loan Receivables	Total	Personal Loan Receivables	Installment Loan Receivables
Due within one year					
Loan receivables	56,696,471	124,995	56,821,466	56,943,607	144,668
Less Unearned interest income	-	(6,367)	(6,367)	-	(9,851)
Allowance for doubtful accounts	-	-	-	(3,520,896)	(1,931)
Allowance for expected credit loss	(4,572,631)	(847)	(4,573,478)	-	-
Net	52,123,840	117,781	52,241,621	53,422,711	132,886
					53,555,597
Due over one year					
Loan receivables	-	36,852	36,852	-	45,732
Less Unearned interest income	-	(81)	(81)	-	(320)
Allowance for doubtful accounts	-	-	-	-	(477)
Allowance for expected credit loss	-	(150)	(150)	-	-
Net	-	36,621	36,621	-	44,935
Total	52,123,840	154,402	52,278,242	53,422,711	177,821
					53,600,532

Bad debts and expected credit losses for the three-month and nine-month periods ended September 30, 2020 comprise the following:

	Unit : Thousand Baht "Unaudited"		
	For the three-month period ended September 30, 2020		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	458,698	331	459,029
Expected credit losses	369,403	119	369,522
Total	828,101	450	828,551

	Unit : Thousand Baht "Unaudited"		
	For the nine-month period ended September 30, 2020		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	2,849,072	1,482	2,850,554
Expected credit losses (reversal)	259,509	(537)	258,972
Total	3,108,581	945	3,109,526

Bad debts and doubtful accounts expenses for the three-month and nine-month periods ended September 30, 2019 comprise the following:

	Unit : Thousand Baht "Unaudited"		
	For the three-month period ended September 30, 2019		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	926,829	379	927,208
Doubtful accounts (reversal)	113,440	(199)	113,241
Total	1,040,269	180	1,040,449

	Unit : Thousand Baht "Unaudited"		
	For the nine-month period ended September 30, 2019		
	Personal Loan Receivables	Installment Loan Receivables	Total
Bad debts	2,917,002	1,382	2,918,384
Doubtful accounts (reversal)	144,322	(859)	143,463
Total	3,061,324	523	3,061,847

Staging analysis for loan receivables as at September 30, 2020 is as follows:

Unit : Thousand Baht			
“Unaudited”			
As at September 30, 2020			
	Personal Loan Receivables	Installment Loan Receivables	Total
Performing (Stage 1)	53,726,183	160,852	53,887,035
Under-performing (Stage 2)	1,941,811	738	1,942,549
Non-performing (Stage 3)	1,028,477	257	1,028,734
	<u>56,696,471</u>	<u>161,847</u>	<u>56,858,318</u>
<u>Less</u> Unearned interest income	<u>-</u>	<u>(6,448)</u>	<u>(6,448)</u>
Total	56,696,471	155,399	56,851,870
<u>Less</u> Allowance for expected credit losses	<u>(4,572,631)</u>	<u>(997)</u>	<u>(4,573,628)</u>
Net	<u>52,123,840</u>	<u>154,402</u>	<u>52,278,242</u>

Aging analysis for loan receivables as December 31, 2019 is as follows:

Unit : Thousand Baht			
As at December 31, 2019			
	Personal Loan Receivables	Installment Loan Receivables	Total
Current	53,294,733	189,049	53,483,782
Overdue payment			
Less than and equal to 3 months	2,342,191	818	2,343,009
More than 3 months	1,306,683	533	1,307,216
	<u>56,943,607</u>	<u>190,400</u>	<u>57,134,007</u>
<u>Less</u> Unearned interest income	<u>-</u>	<u>(10,171)</u>	<u>(10,171)</u>
Total	56,943,607	180,229	57,123,836
<u>Less</u> Allowance for doubtful accounts	<u>(3,520,896)</u>	<u>(2,408)</u>	<u>(3,523,304)</u>
Net	<u>53,422,711</u>	<u>177,821</u>	<u>53,600,532</u>

Allowance for expected credit loss

The movements of the allowance for expected credit loss of loans receivables for the nine-month period ended September 30, 2020 are as follows:

	“Unaudited” Allowance for expected credit loss			Allowance for doubtful accounts	Total
	12-month ECL (Stage 1)	Lifetime ECL- not credit impaired (Stage 2)	Lifetime ECL- credit impaired (Stage 3)		
Balance as at December 31, 2019	-	-	-	3,523,304	3,523,304
Impact of adoption of TFRS 9	2,440,244	740,491	1,118,823	(3,523,304)	776,254
Balance as at January 1, 2020	2,440,244	740,491	1,118,823	-	4,299,558
Changes in staging	(823,172)	(663,097)	1,486,269	-	-
New financial assets originated or purchased	125,827	-	-	-	125,827
Net remeasurement of loss allowance	740,783	1,236,970	246,149	-	2,223,902
Financial assets derecognized	(35,557)	(2,181)	(1,443)	-	(39,181)
Written-off	(19,966)	(23,571)	(1,992,941)	-	(2,036,478)
Balance as at September 30, 2020	2,428,159	1,288,612	856,857	-	4,573,628

Unit : Thousand Baht

As at September 30, 2020 and December 31, 2019, personal loan receivables comprise the following:

	Unit : Thousand Baht	
	“Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Revolving loan receivables	53,970,970	54,726,996
Minimum payment loan receivables	2,725,501	2,216,611
Total	56,696,471	56,943,607

Revolving loans are repayable at any time subject to a minimum monthly payment of 3% of the outstanding balances, as specified in the loan agreements. The Company classifies the total balance of revolving loan receivables within current assets.

Minimum payment loans are loans which the borrowers have the option to repay in full at any time or by monthly installments of not less than the minimum payment of from 3% to 8% of the total loan amount, as specified in the loan agreements. The Company classifies the total balance of minimum payment loan receivables within current assets.

As at December 31, 2019, the Company had loan receivables which were overdue for over three payment periods of Baht 1,307.22 million on which the Company has continued to recognize income. The Company recognized income on such loan receivables for the three-month and nine-month periods ended September 30, 2019 amounting to Baht 56.11 million and Baht 160.21 million, respectively, of which full allowance for doubtful accounts has been made.

Loan receivables of the Company as at September 30, 2020 and December 31, 2019 were denominated entirely in Baht currency.

7. DEFERRED TAXES

Deferred tax assets consist of:

	Unit : Thousand Baht	
	“Unaudited” As at September 30, 2020	As at December 31, 2019
Deferred tax assets		
Loan receivables (allowance for doubtful accounts/ expected credit losses)	914,868	704,842
Loan receivables (bad debt written-off)	153,991	137,020
Provisions for employee benefits	40,225	37,284
Decommissioning obligation for leasehold improvements	12,385	12,303
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	-	55,371
Derivatives	36,954	-
Others	3,048	3,250
Lease liabilities	20	-
Total	1,161,491	950,070
Deferred tax liabilities		
Debentures and borrowings issuance cost	(1,674)	(2,352)
Total	(1,674)	(2,352)
Net	1,159,817	947,718

The movements of deferred tax assets and liabilities for the three-month periods ended September 30, 2020 and 2019 consist of tax effects from the following items:

	Unit : Thousand Baht		
	Balance as at July 1, 2020	“Unaudited” Item as recognized into profit (loss)	Balance as at September 30, 2020
Deferred tax assets			
Loan receivables (allowance for expected credit losses)	861,437	53,431	914,868
Loan receivables (bad debt written-off)	176,364	(22,373)	153,991
Provisions for employee benefits	39,245	980	40,225
Decommissioning obligation for leasehold improvements	12,369	16	12,385
Derivatives	50,502	(13,548)	36,954
Others	3,068	(20)	3,048
Lease liabilities	(110)	130	20
	1,142,875	18,616	1,161,491
Deferred tax liabilities			
Debentures and borrowings issuance cost	(2,131)	457	(1,674)
	(2,131)	457	(1,674)
Deferred tax assets	1,140,744	19,073	1,159,817

	Unit : Thousand Baht		
	“Unaudited”		
	Balance as at July 1, 2019	Item as recognized into profit (loss)	Balance as at September 30, 2019
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	666,845	22,653	689,498
Loan receivables (bad debt written-off)	131,794	1,296	133,090
Provisions for employee benefits	27,737	833	28,570
Decommissioning obligation for leasehold improvements	12,213	30	12,243
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	71,585	(12,134)	59,451
Others	1,846	56	1,902
	<u>912,020</u>	<u>12,734</u>	<u>924,754</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(4,017)	866	(3,151)
	<u>(4,017)</u>	<u>866</u>	<u>(3,151)</u>
Deferred tax assets	<u>908,003</u>	<u>13,600</u>	<u>921,603</u>

The movements of deferred tax assets and liabilities for the nine-month periods ended September 30, 2020 and 2019 consist of tax effects from the following items:

	Balance as at December 31, 2019	Impact of adoption of TFRS 9 and TFRS 16	Balance as at January 1, 2020	“Unaudited” Item as recognized into profit (loss)	Balance as at September 30, 2020
Unit : Thousand Baht					
Deferred tax assets					
Loan receivables (allowance for doubtful accounts/ expected credit losses)	704,842	155,251	860,093	54,775	914,868
Loan receivables (bad debt written-off)	137,020	-	137,020	16,971	153,991
Provisions for employee benefits	37,284	-	37,284	2,941	40,225
Decommissioning obligation for leasehold improvements	12,303	-	12,303	82	12,385
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	55,371	(55,371)	-	-	-
Derivatives	-	86,449	86,449	(49,495)	36,954
Others	3,250	-	3,250	(202)	3,048
Lease liabilities	-	(524)	(524)	544	20
	950,070	185,805	1,135,875	25,616	1,161,491
Deferred tax liabilities					
Debentures and borrowings issuance cost	(2,352)	-	(2,352)	678	(1,674)
	(2,352)	-	(2,352)	678	(1,674)
Deferred tax assets	947,718	185,805	1,133,523	26,294	1,159,817

	Unit : Thousand Baht		
	Balance as at January 1, 2019	“Unaudited” Item as recognized into profit (loss)	Balance as at September 30, 2019
Deferred tax assets			
Loan receivables			
(allowance for doubtful accounts)	660,958	28,540	689,498
Loan receivables (bad debt written-off)	130,509	2,581	133,090
Provisions for employee benefits	19,881	8,689	28,570
Decommissioning obligation for leasehold improvements	12,126	117	12,243
Long-term borrowings from financial institutions (including cross currency and interest rate swap)	48,341	11,110	59,451
Others	2,008	(106)	1,902
	<u>873,823</u>	<u>50,931</u>	<u>924,754</u>
Deferred tax liabilities			
Debentures and borrowings issuance cost	(5,399)	2,248	(3,151)
	<u>(5,399)</u>	<u>2,248</u>	<u>(3,151)</u>
Deferred tax assets	<u>868,424</u>	<u>53,179</u>	<u>921,603</u>

8. INTEREST - BEARING LIABILITIES

	“Unaudited”					Unit : Thousand Baht		
	As at September 30, 2020		As at December 31, 2019					
	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debtentures	Total	Short-term borrowings from financial institutions	Long-term borrowings from financial institutions	Debtentures	Total
Current								
Principal	2,875,000	3,541,206	4,500,000	10,916,206	4,165,100	3,317,610	4,139,600	11,622,310
Less: Deferred issuance cost on debtentures and borrowings	(1,094)	(136)	(652)	(1,882)	(1,875)	(433)	(2,140)	(4,448)
Net	<u>2,873,906</u>	<u>3,541,070</u>	<u>4,499,348</u>	<u>10,914,324</u>	<u>4,163,225</u>	<u>3,317,177</u>	<u>4,137,460</u>	<u>11,617,862</u>
Non-current								
Principal	-	5,784,094	8,500,000	14,284,094	-	6,349,754	10,000,000	16,349,754
Less: Deferred issuance cost on debtentures and borrowings	-	-	(6,488)	(6,488)	-	(343)	(8,495)	(8,838)
Net	<u>-</u>	<u>5,784,094</u>	<u>8,493,512</u>	<u>14,277,606</u>	<u>-</u>	<u>6,349,411</u>	<u>9,991,505</u>	<u>16,340,916</u>
Total	<u>2,873,906</u>	<u>9,325,164</u>	<u>12,992,860</u>	<u>25,191,930</u>	<u>4,163,225</u>	<u>9,666,588</u>	<u>14,128,965</u>	<u>27,958,778</u>
- Secured*	-	-	-	-	-	-	1,138,544	1,138,544
- Unsecured	2,873,906	9,325,164	12,992,860	25,191,930	4,163,225	9,666,588	12,990,421	26,820,234
Total	<u>2,873,906</u>	<u>9,325,164</u>	<u>12,992,860</u>	<u>25,191,930</u>	<u>4,163,225</u>	<u>9,666,588</u>	<u>14,128,965</u>	<u>27,958,778</u>

* The Company has letter of guarantees issued by the parent company and a related foreign financial institution for guarantee payment of the Company under the conditions of long-term borrowings and debtentures, respectively.

Interest-bearing liabilities as at September 30, 2020 and December 31, 2019 classified by currencies are as follows:

	Unit : Thousand Baht	
	“Unaudited”	
	As at September 30, 2020	As at December 31, 2019
Baht Currency	23,950,860	24,637,740
United States Dollars Currency	1,241,070	3,321,038
Total	25,191,930	27,958,778

As at September 30, 2020, above liabilities bear interest at the rates ranging from 0.77% - 3.72% per annum (as at December 31, 2019: 1.45% - 4.10% per annum).

Cross currency and interest rate swap and interest rate swap

Baht Currency

As at September 30, 2020, the Company has interest rate swap agreements to hedge the volatility of floating interest rate by paying interest in fixed rates as specified in the agreements with a related local bank and a local bank totaling Baht 4,400.00 million (as at December 31, 2019: Baht 3,900.00 million). As at September 30, 2020, the Company recognized such agreements as derivative liabilities at fair value totaling Baht 152.53 million.

United States Dollars Currency

As at September 30, 2020, the Company has cross currency and interest rate swap agreements to hedge financial liabilities denominated in foreign currencies and the volatility of floating interest rate. The cross currency and interest rate swap agreements are as follows:

- With local banks totaling USD 8.00 million by swapping to Baht 276.40 million (as at December 31, 2019: totaling USD 59.50 million by swapping to Baht 1,987.07 million) and swapping fixed interest rates in USD monthly, quarterly to fixed rates as specified in the agreements. As at September 30, 2020, the Company recognized such agreements as derivative liabilities at fair value totaling Baht 23.20 million.
- With a local branch of foreign bank totaling USD 31.00 million by swapping to Baht 983.20 million (as at December 31, 2019: totaling USD 41.00 million by swapping to Baht 1,335.80 million) and swapping floating interest rates in USD monthly to fixed rates as specified in the agreements. As at September 30, 2020, the Company recognized such agreements as derivative assets and derivative liabilities at fair value totaling Baht 1.32 million and Baht 10.37 million, respectively.

Debentures

Debentures as at September 30, 2020 and December 31, 2019 are as follows:

	Issuance Date	Maturity Date	Tranche Number	Secured/Unsecured	Unit	Par Value	“Unaudited” As at September 30, 2020 (Thousand Baht)	As at December 31, 2019 (Thousand Baht)
1	February 24, 2015	February 24, 2020	1 st	Secured	35	USD 1,000,000	-	1,139,600
2	March 12, 2015	March 12, 2020	2 nd	Unsecured	1,000,000	Baht 1,000	-	1,000,000
3	September 30, 2015	September 30, 2020	2 nd	Unsecured	500,000	Baht 1,000	-	500,000
4	February 25, 2016	February 25, 2021	2 nd	Unsecured	2,000,000	Baht 1,000	2,000,000	2,000,000
5	September 15, 2016	September 15, 2023	2 nd	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
6	March 30, 2017	March 30, 2022	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
7	June 7, 2017	June 7, 2024	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
8	November 24, 2017	November 24, 2021	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
9	April 27, 2018	April 27, 2021	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
10	October 22, 2018	October 22, 2020	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
11	April 29, 2019	January 28, 2022	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	1,500,000
12	July 26, 2019	July 22, 2022	1 st	Unsecured	1,000,000	Baht 1,000	1,000,000	1,000,000
13	January 24, 2020	January 24, 2024	1 st	Unsecured	1,500,000	Baht 1,000	1,500,000	-
							13,000,000	14,139,600
							(7,140)	(10,635)
							12,992,860	14,128,965
							(4,499,348)	(4,137,460)
							8,493,512	9,991,505
							Less Debenture deferred issuance cost	
							Less Current portion of debentures	
							Debentures - net	

As at September 30, 2020, debentures bear interest at rates ranging from 1.79% - 3.37% per annum (as at December 31, 2019: 1.99% - 4.10% per annum).

9. OTHER INCOME

Other income for the three-month and nine-month periods ended September 30, 2020 and 2019 are as follows:

	Unit : Thousand Baht “Unaudited” For the three-month periods ended September 30,	
	2020	2019
Recovery of bad debts	336,603	289,223
Others	28,328	30,094
Total	364,931	319,317

	Unit : Thousand Baht “Unaudited” For the nine-month periods ended September 30,	
	2020	2019
Recovery of bad debts	991,034	843,673
Others	82,658	85,913
Total	1,073,692	929,586

10. SEGMENT INFORMATION

The Company’s operations are consumer finance business representing personal loans and installment loans as integrated and complementary activities that constitute one line of business. Consequently, management considers that it has only one business segment. Moreover, the Company operates in a domestic market; consequently, management determines that it has only one geographical segment.

11. DEVIDEND PAID

- 11.1 At the Annual General Meeting of the Shareholders of the Company held on April 25, 2019, the shareholder approved the appropriation of dividends of Baht 2.37 per share, amounting to Baht 1,422.00 million. The dividends were paid to the shareholders on May 8, 2019.
- 11.2 At the Annual General Meeting of the Shareholders of the Company held on April 23, 2020, the shareholder approved the appropriation of dividends of Baht 2.61 per share, amounting to Baht 1,566.00 million. The dividends were paid to the shareholders on May 22, 2020.

12. INCOME TAX EXPENSE

Tax expense for the three-month periods ended September 30, 2020 and 2019 are as follows:

Unit : Thousand Baht "Unaudited"		
For the three-month periods ended September 30,		
	2020	2019
Current tax expense		
Current year	400,009	358,700
	<u>400,009</u>	<u>358,700</u>
Deferred tax expense		
Movements in temporary differences	(19,073)	(13,600)
	<u>(19,073)</u>	<u>(13,600)</u>
Total	<u>380,936</u>	<u>345,100</u>

Reconciliations of effective tax rates for the three-month periods ended September 30, 2020 and 2019 are as follows:

Unit : Thousand Baht				
		2020		2019
	Tax Rate (%)		Tax Rate (%)	
Accounting profit before tax expense		<u>1,860,666</u>		<u>1,707,167</u>
Tax expense at domestic tax rate	20.0	372,133	20.0	341,433
Tax effect of non-taxable income and non-deductible expenses		<u>27,876</u>		<u>17,267</u>
Tax expense per income tax return		400,009		358,700
Adjustment for deferred tax relating to the origination and reversal of temporary differences		<u>(19,073)</u>		<u>(13,600)</u>
Tax expense	20.5	<u>380,936</u>	20.2	<u>345,100</u>

Tax expense for the nine-month periods ended September 30, 2020 and 2019 are as follows:

Unit : Thousand Baht "Unaudited"		
For the nine-month periods ended September 30,		
	2020	2019
Current tax expense		
Current year	1,062,315	1,045,840
	<u>1,062,315</u>	<u>1,045,840</u>
Deferred tax expense		
Movements in temporary differences	(26,294)	(53,179)
	<u>(26,294)</u>	<u>(53,179)</u>
Total	<u>1,036,021</u>	<u>992,661</u>

Reconciliations of effective tax rates for the nine-month periods ended September 30, 2020 and 2019 are as follows:

		2020	Unit : Thousand Baht 2019
	Tax Rate (%)		Tax Rate (%)
Accounting profit before tax expense		5,111,365	4,959,847
Tax expense at domestic tax rate	20.0	1,022,273	991,969
Tax effect of non-taxable income and non-deductible expenses		40,042	53,871
Tax expense per income tax return		1,062,315	1,045,840
Adjustment for deferred tax relating to the origination and reversal of temporary differences		(26,294)	(53,179)
Tax expense	20.3	1,036,021	992,661

13. COMMITMENTS WITH NON-RELATED PARTIES

Commitments with non-related parties as at September 30, 2020 and December 31, 2019 are as follows:

	Unit : Thousand Baht "Unaudited"	
	As at September 30, 2020	As at December 31, 2019
Capital commitments		
Furniture & fixture and equipment	524	1,983
Total	524	1,983
Non-cancellable operating lease commitments		
Within one year	13,686	209,519
After one year but within five years	1,454	102,671
Total	15,140	312,190

The Company entered into several lease agreements covering office premises, vehicles and computer equipment for periods of from one to two years. In consideration thereof, the Company is committed to pay rental fee at various annual rental rates as specified in the agreements.

14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were approved for issuing by the Board of Directors of the Company on November 26, 2020.