

**Industrial and Commercial Bank of China (Thai)
Public Company Limited and its Subsidiaries**

Financial statements for the year ended
31 December 2020
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Industrial and Commercial Bank of China (Thai) Public Company Limited

Opinion

I have audited the consolidated and the Bank only financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the "Group"); and of Industrial and Commercial Bank of China (Thai) Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2020, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and of the Bank, respectively, as at 31 December 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

A.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and Bank only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

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

A.



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

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

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

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
19 March 2021

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries

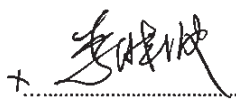
Statement of financial position

		Consolidated		Bank only	
		31 December		31 December	
Assets	Note	2020 /	2019 /	2020 /	2019 /
<i>(in thousand Baht)</i>					
Cash		441,769	458,708	441,093	458,032
Interbank and money market items, net	9, 32	31,650,250	26,284,903	31,409,135	26,097,979
Derivative assets	10, 32	1,347,941	230,149	1,347,941	230,149
Investments, net	11	73,952,548	72,119,464	73,952,548	72,119,464
Investments in subsidiaries and an associate, net	12, 13, 32	-	-	4,250,000	4,250,000
Loans to customers and accrued interest receivables, net	14, 32	159,089,193	149,084,577	111,916,304	110,585,251
Properties foreclosed, net	17	308,338	266,208	219,455	233,712
Premises and equipment, net	18	565,515	171,760	473,336	131,849
Intangible assets, net	19	36,009	33,072	23,378	22,809
Leasehold right, net		-	111,818	-	111,818
Deferred tax assets, net	20	924,446	1,158,943	353,682	436,735
Accrued income, net		546,725	614,798	497,539	564,173
Receivables on credit support for derivative contracts		190,760	387,600	190,760	387,600
Other receivables, net		1,225,352	766,726	246,091	138,368
Other assets, net	21	50,908	42,342	33,540	28,598
Total assets		270,329,754 /	251,731,068 /	225,354,802 /	215,796,537 /

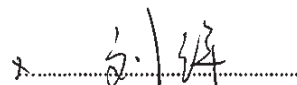
The accompanying notes are an integral part of these financial statements.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated		Bank only	
		31 December		31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	22, 32	147,046,456	129,820,245	147,053,342	129,823,082
Interbank and money market items	23, 32	38,952,828	48,767,850	37,452,828	47,767,850
Liabilities payable on demand		164,879	35,101	164,879	35,101
Derivative liabilities	10, 32	1,561,879	458,904	1,561,879	458,904
Debt issued and borrowings	24	44,550,937	37,247,949	4,988,733	4,987,272
Provisions for employee benefits	25	370,362	302,588	305,947	249,380
Provisions for other liabilities		293,719	115	293,719	-
Accrued interest payables	32	718,919	1,078,337	630,155	1,002,128
Payable on credit support for derivative contracts		338,748	-	338,748	-
Lease liabilities		294,395	-	241,203	-
Other liabilities	26	1,987,806	2,019,801	1,192,742	1,359,985
Total liabilities		236,280,928	219,730,890	194,224,175	185,683,702
Equity					
Share capital	28				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Treasury shares	29	(50,494)	(50,494)	(50,494)	(50,494)
Difference arising from business combination under common control	-	(24,849)	(24,849)	-	-
Other components of equity		227,070	335,264	215,138	335,311
Retained earnings					
Appropriated					
Legal reserve	30	2,015,000	1,600,000	2,015,000	1,600,000
Unappropriated		11,750,005	10,008,163	8,818,889	8,095,924
Equity attributable to the Bank's shareholders		34,048,826	32,000,178	31,130,627	30,112,835
Non-controlling interests		-	-	-	-
Total equity		34,048,826	32,000,178	31,130,627	30,112,835
Total liabilities and equity		270,329,754	251,731,068	225,354,802	215,796,537


 (Mr. Xiaobo Li)
 Director




 (Mr. Yang Liu)
 Director

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries


Statement of profit or loss and other comprehensive income

		Consolidated		Bank only	
		Year ended 31 December		Year ended 31 December	
	Note	2020	2019	2020	2019
		(in thousand Baht)			
Interest income	32, 36	9,095,250	8,944,550	6,813,100	6,839,135
Interest expense	32, 37	3,796,934	4,542,005	3,072,148	3,851,883
Net interest income		5,298,316	4,402,545	3,740,952	2,987,252
Fees and service income	32, 38	908,698	1,016,819	420,630	563,331
Fees and service expense	32, 38	101,625	116,818	99,150	113,417
Net fees and service income		807,073	900,001	321,480	449,914
Net losses on financial instrument measured at FVTPL	39	(364,469)	-	(364,329)	-
Net trading income	40	-	131,623	-	131,630
Net gains (losses) on investments	41	9,585	(299,408)	9,585	(48,178)
Share of losses from investment in an associate	13	-	(7,710)	-	-
Gains on disposals of equipment, properties foreclosed and other assets		235,868	26,858	225,710	20,172
Bad debts recovered		251,303	272,931	32,417	15,550
Dividend income	32	5,410	5,445	5,410	13,220
Losses on disposals of non-performing loans		-	(4,082)	-	(4,082)
Other operating income		58,273	69,091	12,218	6,575
Total operating income		6,301,359	5,497,294	3,983,443	3,572,053
Other operating expenses					
Employee expenses	32	1,529,875	1,464,371	1,091,762	1,065,508
Directors' remuneration	32, 42	17,872	18,621	17,872	18,621
Premises and equipment expenses		246,888	213,496	167,729	149,244
Taxes and duties		217,441	216,936	188,026	191,417
Amortisation expense on intangible assets		7,440	7,890	5,780	5,129
Losses on properties foreclosed and other assets		206,932	512,393	14,465	411,662
Others		337,384	335,557	167,384	185,871
Total other operating expenses		2,563,832	2,769,264	1,653,018	2,027,452
Expected credit loss	43	760,961	-	717,220	-
Bad debts, doubtful accounts and impairment losses	44	-	108,406	-	(438,760)
Profit from operations before income tax		2,976,566	2,619,624	1,613,205	1,983,361
Income tax	20	591,395	474,631	246,911	418,912
Profit for the year		2,385,171	2,144,993	1,366,294	1,564,449

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


Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Statement of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		Year ended 31 December		Year ended 31 December	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net change in fair value of equity instruments measured at FVOCI		(4,369)	-	(4,369)	-
Share of other comprehensive income (expenses) from investment in an associate		-	1,538	-	-
(Losses) gains on remeasurement of defined benefit plans	25	(11,169)	398	(11,169)	8,305
Income tax relating to items that will not be reclassified subsequently to profit or loss	20	7,637	(234)	7,637	(1,661)
Total items that will not be reclassified subsequently to profit or loss		(7,901)	1,702	(7,901)	6,644
<i>Items that will be reclassified subsequently to profit or loss</i>					
Net change in cash flow hedges		(4,293)	-	(4,293)	-
Net change in fair value of debt instruments measured at FVOCI		(36,906)	-	(36,906)	-
Share of other comprehensive income (expenses) from investment in an associate		-	1,504	-	-
Net change in fair value of available-for-sale investments		-	287,164	-	287,164
Exchange differences on translating foreign operations		11,979	(318)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	20	30,349	(57,584)	30,349	(57,433)
Total items that will not be reclassified subsequently to profit or loss		1,129	230,766	(10,850)	229,731
Other comprehensive income (expenses) for the year, net of income tax		(6,772)	232,468	(18,751)	236,375
Total comprehensive income for the year		2,378,399	2,377,461	1,347,543	1,800,824
Basic earnings per share (Baht)					
Basic earnings per share	45	1.06	0.95	0.61	0.69


 (Mr. Xiaobo Li)

Director




 (Mr. Yang Liu)

Director

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

Industrial and Commercial Bank of China (That) Public Company Limited and its Subsidiaries
Statement of changes in equity

Note	Issued and paid-up share capital		Treasury shares		Consolidated							Retained earnings		
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Difference arising from business combinations under common control	Fair value changes in available-for-sale investments	Exchange differences on translating foreign operations	Net change in fair value of debt instruments measured at FVOCI	Net change in fair value of equity instruments measured at FVOCI (in thousand Rmb)	Other components of equity			Total other components of equity	Total equity attributable to the Bank's shareholders
										Share of other comprehensive income (expenses) from investments in an associate	Cash flow hedge reserve	Legal reserve	Unappropriated	
Year ended 31 December 2019														
Balance at 1 January 2019	4,024	20,128,070	-	-	(34,849)	105,580	271	-	-	(1,353)	-	1,180,000	8,361,468	29,673,211
Transactions with owners, recorded directly in equity														
Distributions to owners	-	-	(156)	(50,338)	-	-	-	-	-	-	-	-	-	-
Treasury shares purchased	-	-	(156)	(50,338)	-	-	-	-	-	-	-	-	-	-
Total distributions to owners	-	-	(156)	(50,338)	-	-	-	-	-	-	-	-	-	(50,494)
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (expenses), net of income tax	-	-	-	-	-	229,731	(318)	-	-	1,353	-	-	1,702	232,468
Total comprehensive income for the year	-	-	-	-	-	229,731	(318)	-	-	1,353	-	-	2,144,993	232,468
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	500,000	(500,000)	-
Balance at 31 December 2019	4,024	20,128,070	(156)	(50,338)	(24,849)	335,311	(47)	-	-	-	-	1,680,000	10,008,163	32,080,178
Year ended 31 December 2020														
Balance at 31 December 2019 - as reported	4,024	20,128,070	(156)	(50,338)	(24,849)	335,311	(47)	-	-	-	-	1,680,000	10,008,163	32,080,178
Impact of changes in accounting policies	-	-	-	-	-	(335,311)	-	104,311	125,173	-	-	-	(240,510)	(346,337)
Balance at 1 January 2020 - restated	4,024	20,128,070	(156)	(50,338)	(24,849)	-	-	184,311	125,173	-	-	1,680,000	9,767,653	31,653,841
Comprehensive income for the year														
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	2,385,171	2,385,171
Other comprehensive income (expenses), net of income tax	-	-	-	-	-	-	11,979	(7,416)	(3,490)	-	(3,434)	-	12,181	9,814
Total comprehensive income for the year	-	-	-	-	-	-	11,979	(7,416)	(3,490)	-	(3,434)	-	2,397,352	2,391,985
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	-	415,000	(415,000)	-
Balance at 31 December 2020	4,024	20,128,070	(156)	(50,338)	(24,849)	-	11,932	96,895	121,677	-	(3,434)	227,070	11,750,005	34,448,826

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Statement of changes in equity

Note		Bank only												
		Issued and paid-up share capital		Treasury shares		Other components of equity				Retained earnings				
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Fair value changes in available-for-sale investments	Net change in fair value of debt instruments measured at FVOCI (in thousand Baht)	Net change in fair value of equity instruments measured at FVOCI	Cash flow hedge reserve	Total other components of equity	Legal reserve	Unappropriated	Total equity	
Year ended 31 December 2019														
	Balance at 1 January 2019	4,024	20,128,070	-	-	105,580	-	-	-	-	105,580	1,100,000	7,024,831	28,362,505
Transactions with owners, recorded directly in equity														
<i>Distributions to owners</i>														
	Treasury shares purchased	-	-	(156)	(50,338)	-	-	-	-	-	-	-	-	(50,494)
	<i>Total distributions to owners</i>	-	-	(156)	(50,338)	-	-	-	-	-	-	-	-	(50,494)
Comprehensive income for the year														
	Profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,564,449	1,564,449
	Other comprehensive income (expenses), net of income tax	-	-	-	-	229,731	-	-	-	229,731	-	6,644	236,375	236,375
	<i>Total comprehensive income for the year</i>	-	-	-	-	229,731	-	-	-	229,731	-	1,571,093	1,800,824	1,800,824
	Transfer to legal reserve	-	-	-	-	-	-	-	-	-	-	500,000	(500,000)	-
	Balance at 31 December 2019	4,024	20,128,070	(156)	(50,338)	335,311	-	-	-	335,311	1,600,000	8,095,924	30,112,835	30,112,835
Year ended 31 December 2020														
	Balance at 31 December 2019 - as reported	4,024	20,128,070	(156)	(50,338)	335,311	-	-	-	335,311	1,600,000	8,095,924	30,112,835	30,112,835
	Impact of changes in accounting policies	-	-	-	-	(335,311)	104,311	125,173	-	(105,827)	-	(240,510)	(346,337)	(346,337)
	Balance at 1 January 2020 - restated	4,024	20,128,070	(156)	(50,338)	-	104,311	125,173	-	229,484	1,600,000	7,855,414	29,766,498	29,766,498
Comprehensive income for the year														
	Profit for the year	-	-	-	-	-	-	-	-	-	-	1,366,294	1,366,294	1,366,294
	Other comprehensive income (expenses), net of income tax	-	-	-	-	-	(7,416)	(3,496)	(3,434)	(14,346)	-	12,181	(2,165)	(2,165)
	<i>Total comprehensive income for the year</i>	-	-	-	-	-	(7,416)	(3,496)	(3,434)	(14,346)	-	1,378,475	1,364,129	1,364,129
	Transfer to legal reserve	-	-	-	-	-	-	-	-	-	415,000	(415,000)	-	-
	Balance at 31 December 2020	4,024	20,128,070	(156)	(50,338)	-	96,895	121,677	(3,434)	215,138	2,015,000	8,818,889	31,130,627	31,130,627

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	2,976,566	2,619,624	1,613,205	1,983,361
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	165,330	56,828	113,194	50,376
Expected credit loss	760,961	-	717,220	-
Bad debts, doubtful accounts and impairment losses	-	108,406	-	(438,760)
Gains on disposals of properties foreclosed	(235,375)	(23,787)	(225,710)	(17,415)
Losses on disposal of non-performing loans	-	4,082	-	4,082
Proceeds from disposal of non-performing loans	-	237,343	-	237,343
(Gains) losses on investments	(9,585)	299,408	(9,585)	48,178
Losses on properties foreclosed and other assets	206,932	512,393	14,465	411,662
Gains on sales of equipment	(493)	(3,071)	-	(2,757)
Net trading loss (income)	364,469	(131,623)	364,329	(131,630)
Provisions for employee benefit	73,948	79,216	62,741	66,728
Share of losses of investments in an associate	-	7,710	-	-
Net interest income	(5,298,316)	(4,402,545)	(3,740,952)	(2,987,252)
Dividend income	(5,410)	(5,445)	(5,410)	(13,220)
Proceeds from interest	7,216,887	6,783,158	4,887,900	4,687,686
Interest paid	(3,187,311)	(3,578,874)	(3,147,751)	(3,573,958)
Proceeds from dividend	5,410	5,445	5,410	5,445
Income tax paid	(417,299)	(510,312)	(208,391)	(377,649)
Profit (loss) from operations before changes in operating assets and liabilities	2,616,714	2,057,956	440,665	(47,780)
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(5,409,006)	(14,585,596)	(5,354,811)	(14,708,021)
Derivative assets	245,446	445,605	245,446	445,605
Loans to customers	(10,460,531)	(11,100,428)	(1,687,510)	(3,715,933)
Properties foreclosed	68,423	(71,329)	225,710	42,763
Receivables on credit support for derivative contracts	197,284	(386,984)	197,284	(386,984)
Fee receivable	1,439	(20,497)	-	-
Other receivables	(458,626)	(126,936)	(107,723)	22,511
Other assets	(90,749)	(8,428)	(5,140)	(605)

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019
	(in thousand Baht)			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	17,226,211	27,680,746	17,230,260	27,680,951
Interbank and money market items	(9,815,022)	(12,774,219)	(10,315,022)	(13,774,219)
Liabilities payable on demand	129,778	(84,056)	129,778	(84,056)
Derivative liabilities	(1,404,137)	(113,256)	(1,403,997)	(113,248)
Employee benefit paid	(17,343)	(12,095)	(17,343)	(6,100)
Payable on credit support for derivative contracts	338,748	(1,623)	338,748	(1,623)
Lease liabilities	(86,791)	-	(55,424)	-
Other liabilities	(2,129)	145,946	(164,112)	177,512
Net cash used in operating activities	(6,920,291)	(8,955,194)	(303,191)	(4,469,227)
<i>Cash flows from investing activities</i>				
Interest received	2,053,009	2,238,098	2,053,009	2,238,098
Dividend received	-	7,775	-	7,775
Proceeds from disposal of investment in an associate	-	158,597	-	158,597
Proceeds from selling equity investments	16,586	-	16,586	-
(Increase) decrease in long-term investments	(1,559,706)	2,335,478	(1,559,706)	2,335,478
Proceeds from asset disposal	1,910	3,076	1,417	2,757
Purchases of equipment	(63,122)	(56,969)	(42,922)	(28,001)
Purchases of intangible assets	(10,376)	(4,701)	(6,349)	(1,236)
Net cash from investing activities	438,301	4,681,354	462,035	4,713,468
<i>Cash flows from financing activities</i>				
Treasury share payment	-	(50,494)	-	(50,494)
Proceeds from debt issued and borrowings	43,981,945	40,514,270	-	-
Repayment of debt issued and borrowings	(36,678,956)	(35,303,233)	-	-
Interest paid from debt issued and borrowings	(849,917)	(867,259)	(175,783)	(175,255)
Finance lease payments	-	(701)	-	-
Net cash from (used in) financing activities	6,453,072	4,292,583	(175,783)	(225,749)
Exchange differences on translating of foreign operations	11,979	(318)	-	-
Net increase (decrease) in cash	(16,939)	18,425	(16,939)	18,492
Cash at 1 January	458,708	440,283	458,032	439,540
Cash at 31 December	441,769	458,708	441,093	458,032

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 19 March 2021.

1 General information

Industrial and Commercial Bank of China (Thai) Public Company Limited, (the “Bank”), is incorporated in Thailand and has its registered office at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok.

The parent company during the financial year was Industrial and Commercial Bank of China Limited (97.86% shareholding), which is incorporated in the People’s Republic of China.

The principal activities of the Bank are the provision of financial products and services through its branch network in Thailand.

Details of the Bank’s subsidiaries as at 31 December 2020 and 2019 are given in notes 12 and 32.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (BoT) Notification Number Sor Nor Sor 21/2561, directive dated 31 October 2018, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

New and revised TFRSs are effective for annual accounting years beginning on or after 1 January 2020. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiaries (together referred to as the “Group”)’s accounting policies.

The Group has initially applied TFRS-Financial instrument standards which comprise TFRS 9 *Financial Instruments* and relevant standards and interpretations and TFRS 16 *Leases* and disclosed impact from changes to significant accounting policies in note 3. The Group disclosed impact of COVID-19 pandemic in note 46.

In addition, the Group has not early adopted a number of new and revised TFRSs, which are not yet effective for the current period in preparing these financial statements. The Group has assessed the potential initial impact on the financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the year of initial applicaiton.

(b) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Group’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) Use of judgments and estimates

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

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Judgements

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

Note 4.(c).6 and 5.1	Establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit loss (ECL), selection and approval of models used to measure ECL and consideration for post model adjustments.
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Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5.1	Impairment of financial instruments: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information
Note 6	Measurement of the fair value of financial instruments with significant unobservable inputs
Note 10	Derivatives
Note 46	Impact of COVID-19 pandemic

3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instrument standards which comprise TFRS 9 *Financial Instruments* ("TFRS 9") and relevant standards and interpretations and TFRS 16 *Leases*. Impact of changes in accounting policies to the consolidated and Bank only financial statements were as follows:

	31 December 2019	Consolidated TFRS- Financial instruments standards (in million Baht)	TFRS 16 <i>Leases</i>	1 January 2020
Assets				
Cash	459	-	-	459
Interbank and money market items, net	26,285	(42)	-	26,243
Derivative assets	230	(17)	-	213
Investments, net	72,119	367	-	72,486
Investment in subsidiaries	-	-	-	-
Loans to customers and accrued interest receivables, net	149,085	651	-	149,736
Properties foreclosed, net	266	-	-	266
Premises and equipment, net	172	-	455	627
Intangible assets, net	33	-	-	33
Leasehold rights, net	112	-	(112)	-
Deferred tax asset	1,159	(80)	-	1,079
Accrued income, net	615	(17)	-	598
Receivable on credit support for derivative contracts	388	-	-	388
Other receivables, net	766	-	-	766
Other assets, net	42	-	-	42
Total assets	251,731	862	343	252,936

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	31 December 2019	Consolidated TFRS- Financial instruments standards (in million Baht)	TFRS 16 Leases	1 January 2020
Liabilities				
Deposits	129,820	-	-	129,820
Interbank and money market items	48,768	-	-	48,768
Liabilities payable on demand	35	-	-	35
Derivative liabilities	459	759	-	1,218
Debts issued and borrowings	37,248	-	-	37,248
Provisions for employee benefits	303	-	-	303
Other provisions	-	569	-	569
Accrued interest payables	1,078	(119)	-	959
Lease liabilities	-	-	343	343
Other liabilities	2,020	-	-	2,020
Total Liabilities	219,731	1,209	343	221,283
Equity				
Share capital	20,132	-	-	20,132
Treasury Shares	(50)	-	-	(50)
Difference arising from business combination under common control	(25)	-	-	(25)
Other component of shareholders' equity	335	(106)	-	229
Appropriated - Legal reserve	1,600	-	-	1,600
Unappropriated	10,008	(241)	-	9,767
Total Equity	32,000	(347)	-	31,653
Total Liabilities and Equity	251,731	862	343	252,936

	31 December 2019	Bank only TFRS- Financial instruments standards (in million Baht)	TFRS 16 Leases	1 January 2020
Assets				
Cash	458	-	-	458
Interbank and money market items, net	26,098	(42)	-	26,056
Derivative assets	230	(17)	-	213
Investments, net	72,119	367	-	72,486
Investment in subsidiaries and an associate, net	4,250	-	-	4,250
Loans to customers and accrued interest receivables, net	110,585	651	-	111,236
Properties foreclosed, net	234	-	-	234
Premises and equipment, net	132	-	378	510
Intangible assets, net	23	-	-	23
Leasehold rights, net	112	-	(112)	-
Deferred tax asset	437	(80)	-	357
Accrued income, net	564	(17)	-	547
Receivable on credit support for derivative contracts	388	-	-	388
Other receivables, net	138	-	-	138
Other assets, net	28	-	-	28
Total assets	215,796	862	266	216,924

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	31 December 2019	Bank only TFRS- Financial instruments standards (in million Baht)	TFRS 16 Leases	1 January 2020
Liabilities				
Deposits	129,823	-	-	129,823
Interbank and money market items	47,768	-	-	47,768
Liabilities payable on demand	35	-	-	35
Derivative liabilities	459	759	-	1,218
Debts issued and borrowings	4,987	-	-	4,987
Provisions for employee benefits	249	-	-	249
Other provisions	-	569	-	569
Accrued interest payables	1,002	(119)	-	883
Lease liabilities	-	-	266	266
Other liabilities	1,360	-	-	1,360
Total Liabilities	185,683	1,209	266	187,158
Equity				
Share capital	20,132	-	-	20,132
Treasury Shares	(50)	-	-	(50)
Other component of shareholders' equity	335	(106)	-	229
Appropriated - Legal reserve	1,600	-	-	1,600
Unappropriated	8,096	(241)	-	7,855
Total Equity	30,113	(347)	-	29,766
Total Liabilities and Equity	215,796	862	266	216,924

3.1 TFRS - Financial instruments standards

The Group has adopted TFRS-Financial instruments standards by adjusting the cumulative effects to retained earnings or other components of equity on 1 January 2020. Therefore, the Group has not adjusted the information presented for 2019. The disclosure requirements of TFRS for financial instruments have not generally been applied to comparative information.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting which are disclosed in note 4.

3.1.1 Classification and measurement of financial assets and financial liabilities

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

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Classification under previous standards at 31 December 2019		Consolidated Classification under TFRS 9 at 1 January 2020				
	Carrying amount	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI (in million Baht)	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Assets						
Cash	459	-	-	-	459	459
Interbank and money market items, net	26,285	-	-	-	26,243	26,243
Derivative assets	230	213	-	-	-	213
Investments, net	72,119	-	34,820	299	37,367	72,486
Loans to customers and accrued interest receivables, net	149,085	-	-	-	149,736	149,736
Receivables on credit support for derivative contracts	388	-	-	-	388	388
Total	248,566	213	34,820	299	214,193	249,525
Liabilities						
Deposits	129,820	-	-	-	129,820	129,820
Interbank and money market items	48,768	-	-	-	48,768	48,768
Liabilities payable on demand	35	-	-	-	35	35
Derivative liabilities	459	1,218	-	-	-	1,218
Debts issued and borrowings	37,248	-	-	-	37,248	37,248
Total	216,330	1,218	-	-	215,871	217,089
Bank only						
Classification under previous standards at 31 December 2019		Classification under TFRS 9 at 1 January 2020				
	Carrying amount	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI (in million Baht)	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Assets						
Cash	458	-	-	-	458	458
Interbank and money market items, net	26,098	-	-	-	26,056	26,056
Derivative assets	230	213	-	-	-	213
Investments, net	72,119	-	34,820	299	37,367	72,486
Loans to customers and accrued interest receivables, net	110,585	-	-	-	111,236	111,236
Receivables on credit support for derivative contracts	388	-	-	-	388	388
Total	209,878	213	34,820	299	175,505	210,837

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Classification under previous standards at 31 December 2019	Bank only				
	Classification under TFRS 9 at 1 January 2020				
Carrying amount	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI (in million Baht)	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Liabilities					
Deposits	129,823	-	-	129,823	129,823
Interbank and money market items	47,768	-	-	47,768	47,768
Liabilities payable on demand	35	-	-	35	35
Derivative liabilities	459	1,218	-	-	1,218
Debts issued and borrowings	4,987	-	-	4,987	4,987
Total	183,072	1,218	-	182,613	183,831

3.1.2 Impairment

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

Impairment on the date of initial application	Consolidated		
	31 December 2019	Remeasurement (in million Baht)	1 January 2020
Interbank and money market items	80	42	122
Investments measured at AMC	-	37	37
Investments measured at FVOCI	-	3	3
Loans to customers and accrued interest receivable	7,067	(651)	6,416
Loan commitment and financial guarantee	-	569	569
Total	7,147	-	7,147

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Impairment on the date of initial application	Bank only		
	31 December 2019	Remeasurement (in million Baht)	1 January 2020
Interbank and money market items	80	42	122
Investments measured at AMC	-	37	37
Investments measured at FVOCI	-	3	3
Loans to customers and accrued interest receivable	3,268	(651)	2,617
Loan commitment and financial guarantee	-	569	569
Total	3,348	-	3,348

3.1.3 Derivative and hedge accounting

Under TFRS 9, derivatives held for risk management purpose include all derivatives that are not held for trading and are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships.

The Group documents the relationship between the hedging instruments and hedged items, including the risk management objective, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment of the effectiveness, both at inception of the hedge relationship and on an ongoing basis.

These hedging relationships are fair value hedges, cash flow hedges and net investment in a foreign operation hedge.

Previously, TFRS were silent on the requirements of hedge accounting and derivatives held for risk management purposes. In 2019, the Group accounted these transactions as described in accounting policies in note 4.

Impact of derivative and hedge accounting on financial statements	31 December 2019	Consolidated	
		Remeasurement (in million Baht)	1 January 2020
Derivative assets	230	(17)	213
Investment, net	-	404	404
Accrued income, net	615	(17)	598
Total	845	370	1,215
Derivative liabilities	459	759	1,218
Accrued interest payables	1,078	(119)	959
Investments in debt instruments measured at FVOCI	335	(109)	226
Total	1,872	531	2,403

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Impact of derivative and hedge accounting on financial statements	31 December 2019	Bank only	1 January 2020
		Remeasurement (in million Baht)	
Derivative assets	230	(17)	213
Investment, net	-	404	404
Accrued income, net	564	(17)	547
Total	794	370	1,164
Derivative liabilities	459	759	1,218
Accrued interest payables	1,002	(119)	883
Investments in debt instruments measured at FVOCI	335	(109)	226
Total	1,796	531	2,327

3.2 TFRS 16 Leases

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

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

	Consolidated (in million Baht)	Bank only
Lease commitments disclosed as at 31 December 2019	393	306
Recognition exemption for:		
- Short-term leases	(4)	(2)
- Service agreements	(9)	(2)
	380	302
Discounted using interest rate at 1 January 2020	(37)	(36)
Lease liabilities recognised as at 1 January 2020	343	266
Add Leasehold rights	112	112
Right-of-use assets as at 1 January 2020	455	378
Weighted-average interest rate (% per annum)	1.55 - 3.50	1.55 - 3.50

4 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements related to the Group and its interests in an associate.

Business combinations under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method, the acquirer recognises assets and liabilities of the acquired businesses at their carrying amount in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholders' equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

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The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Bank loses control over subsidiaries, it derecognises the assets and liabilities of the subsidiaries, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiaries is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank's interests in an equity-accounted investee comprises interests in an associate.

An associate is the entity in which the Bank has significant influence, but not control, over the financial and operating policies.

Interests in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank's share of the profit or loss and other comprehensive income of an equity-accounted investee, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with an equity-accounted investee are eliminated against the investment to the extent of Bank's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Cash

Cash includes cash in hand and cash on collection.

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(c) Financial instruments

Accounting policies applicable from 1 January 2020

Financial instruments in statement of financial position comprises of cash, interbank and money market items (both assets and liabilities), derivatives, investment in debt instruments, investment in equity instruments, loans to customers, deposit, liabilities payable on demand, debt issued and borrowings, other financial assets and other financial liabilities.

1. Recognition and initial measurement

The Group initially recognised all financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument, except for investments in debt instruments which are recognised on the settlement date. Under regular way purchases and sales with the delivery within time period established by regulation or market convention which account for changes in the fair value and interest calculation of financial asset or financial liability on the trade date and derivative is recognised on trade date.

A financial asset or financial liability that are not measured at FVTPL are measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issuance.

2. Derecognition

Derecognition of financial assets

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

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

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

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

If the Group remains right for servicing of financial assets which received the fee. The Group will recognise the assets or liabilities which occur from those services. If the Group expects that the service fee is not enough for service of the Group, the Group needs to recognise the liabilities from providing service for service commitment as fair value. If the service fee are received more than the compensation of service, the Group will recognise the assets from the providing service rights.

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In the event of the transfer that causes the Group to derecognise the entire financial asset while receiving new financial assets, the Group will recognise new financial assets at fair value.

In the event that the Group receives cash inflow from written-off financial assets. The Group will recognise the cash flow as bad debt recovery with the same amount that had been written off and the remaining will be recorded in interest income in profit or loss.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

3. Classification and Measurement

3.1 Financial assets

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

Financial assets - debt instruments

Classification of debt instruments depends on business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

Business model assessment

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

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

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

Assessment whether contractual cash flows are solely payments of principal and interest (“SPPI”)

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

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

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

Measurement at amortised cost

A debt instrument will be measured at AMC if it meets both of the following conditions: that is not designated at FVTPL:

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

Measurement at fair value through other comprehensive income

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

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

Measurement at fair value through profit or loss

Unless debt instruments are classified as measured at AMC or FVOCI, debt instruments are classified as measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at AMC or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI.

Unless equity investments are elected to present subsequent changes in fair value in OCI, other equity instruments are classified as measured at FVTPL.

Reclassification

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

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3.2 Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at AMC or FVTPL.

4. Interest

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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

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

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

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

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

5. Modifications of financial assets

Modifications of financial assets

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

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If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value included any eligible transaction costs.

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

If the modification of a financial asset measured at AMC or FVOCI does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate or reasonable reference rate of the asset at that time occurred of transaction and recognises the resulting adjustment as a modification gain or loss in profit or loss through the revaluation accounts. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

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

6. Impairment of financial assets

The Group recognised expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- contract assets;
- financial guarantee contracts issued; and
- Loan commitments issued.

The Group does not recognise impairment losses on investment in equity instruments.

Measurement of ECL

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

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

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

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

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

Cash shortfalls are discounted using the initial effective interest rate.

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

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

Staging

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

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

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

The Group considers debt instruments to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group does not apply the low credit risk exemption to any other financial instruments.

Under-performing (Stage 2) : Financial assets that have a significant increase in credit risk

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

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Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers' ability to repay. Qualitative indicators includes operating results, financial liquidity and other reliable indicators.

Non-performing (Stage 3) : Lifetime ECL credit impaired

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

Evidence that financial assets are credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; or
- Purchase or origination of a financial asset at a significant discount that reflects incurred credit losses.

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

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

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

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

Improvement in credit risk

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

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

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

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

For TDR customers, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for three consecutive payments. A further 9 month monitoring period is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. On transfer to stage 1, the origination rating will be reset to that applicable on that date.

For TDR customers, exposures under stage 2 that were not previously credit impaired can transfer to stage 1 when the customer performs under the revised terms of the contract for three consecutive payments and the customer is expected to repay its remaining obligations in full. On transfer to stage 1, the origination rating will be reset to that applicable on that date.

Loss provisions on purchased or originated credit impaired instruments (POCI)

The Group measures expected credit loss on a lifetime basis for POCI instruments throughout the life of the instrument. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Group recognises the change in lifetime expected credit losses arising subsequent to initial recognition in profit or loss and the cumulative change as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as impairment gains in profit or loss and as impairment loss where the expected credit losses are greater.

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

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Write-off of credit impaired instruments and reversal of impairment

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

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

Financial guarantee contracts held

The Group assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Group considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Group determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Group considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Group determines that the guarantee is not an integral element of the financial asset, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in "other assets". The Group presents gains or losses on a compensation right in profit or loss in the line item "impairment losses on financial instruments"

7. Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Group makes an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

The Group has the hedging relationships as discussed below:

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the

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hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and OCI.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Group immediately reclassifies the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Group reclassifies the amount in the hedging reserve from OCI to profit or loss on a straight line basis.

Other non-trading derivatives

Other non-trading derivatives are recognised on balance sheet at fair value on initial recognition. If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments measured at FVTPL.

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Accounting policies applicable before 1 January 2020

1. Investment, net

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences on monetary items are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Investments in equity securities which are not marketable are stated at cost less any impairment losses (if any).

Recognition

Purchases and sales of investments in equity securities are recognised on the trade dates, while purchases and sales of investments in debt securities are recognised on the settlement dates.

Disposal of investments

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

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

Losses on impairment of investments are recognised as expenses in profit or loss.

In the event that the Bank reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as revaluation surplus (deficit) on investments in equity, depending on the type of investment that is reclassified.

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The Bank considers available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

2. Loans to customers

Loans to customers are presented at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue and unearned discounts on loans to customers are deducted from the loans to customers’ balances.

Hire purchase receivables and finance lease receivables

Hire purchase receivables and finance lease receivables are stated at outstanding balances according to the hire purchase and finance lease contracts net of outstanding balances of unearned income, which are presented net of deferred commission expenses and initial direct costs.

Factoring receivables

Factoring receivables are stated at the outstanding debt balance net of unearned factoring income, which are net of allowance for doubtful accounts.

3. Allowance for doubtful accounts

The Bank provides allowance for doubtful accounts in accordance with the BoT’s guidelines, using the minimum rates stipulated by the BoT. The Bank sets provision for “Pass” loans (including restructured receivables) and “Special mention” loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) after deducting collateral value, calculated in accordance with the BoT’s guidelines. For Non-performing loans, the Bank sets provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, discounted using the discount rate and duration expected to be able to dispose the collateral as stipulated in the BoT’s notifications.

The subsidiaries provide an allowance for doubtful accounts computed by using collective approach basis based on historical loss for receivables that are classified as Pass, Special mention and Non-performing loans to customers which are classified as Sub-standard, Doubtful and Doubtful of loss. Such rates are determined taking into considerations the probability of the loans becoming Non-performing loans and the loss rates if those loans are not recovered in full.

At the end of each reporting period, the adequacy of allowance for doubtful accounts is reviewed taking into consideration of the Bank’s past collection experience and the current status of debtors.

In addition, the Bank has a loan loss provisioning policy whereby it provides additional allowance for certain exposures of the Bank that are classified as “Pass” and “Special Mention”, at rates higher than the minimum rates specified by BoT. Such rates are determined by taking into consideration of the probability of the loans becoming Non-performing loans and the loss rates if those loans are not recovered in full, adjusted by an additional amount of allowance and considered on a case by case basis from the analysis of the situation of debtor, repayment record of debt, collection experience from the debtor, value of collateral and economic environment.

The Bank writes off bad debts as approved by the Executive Committee whereby it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss. At the same time, the Bank writes off the balances of bad debts and charges them

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against bad debts and doubtful accounts as expenses in profit or loss. All bad debts recovered are recognised as revenue in profit or loss.

Allowance for doubtful accounts made in the period is recognised as bad debts and doubtful account expense in profit or loss.

4. Impairment of financial assets

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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

5. Income

Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the terms of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due date, the Group ceases accrual of interest income and reverse the interest previously accrued as revenue from its account. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

The Bank recognises interest income on restructured loans on the same accrual basis used for loans discussed above with reference to interest rates stipulated in the agreement (excluding interest charged and suspended for payment in the future), with the exception of restructured loans that are subject to monitoring for compliance with restructuring conditions, interest income on which is to be recognised on a cash basis until the borrowers have been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

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Income from factoring contract

Fee income from factoring are recognised when a factoring contract is made and recognises interest income from factoring on the time-proportion basis.

Income from hire purchase and finance lease contract

Subsidiaries recognise income from hire purchase and finance lease contracts by using effective interest rate over the contract period. Subsidiaries will cease recognition of interest income when receivables are overdue longer than three months and reverse previously accrued interest receivables from the subsidiaries' accounts. Interest income recognition thereafter will be on a cash basis until the debtor completely settles the overdue balances.

Income from investments

Income from investments consist of dividend and interest received from investment and deposits at other banks. The Group will recognise dividend in profit or loss only when the Group's right to receive dividend payment is established and will recognise interest in profit or loss on accrual basis.

Gain (loss) from investments

Gain (loss) from investment will be recognised as income or expense on the transaction date or the maturity date.

Gain (loss) from trading derivatives

Gain (loss) from trading derivatives will be recognized as income or expense on the transaction date or the maturity date.

6. Troubled debt restructuring

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Group record assets and/ or equity received in settlement of debts at their fair value less estimated selling expenses (if any), provided that it does not exceed the book value of outstanding principal and accrued interest receivables. Losses arising from the excess of the carrying value over the fair value of those assets and equity transferred are recognised as an expense in profit or loss, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Group records losses arising from the revaluation of the fair value of debts after restructuring, determined by the present value of expected cash flows to be received in accordance with new restructuring agreements, discounted by the Group's minimum interest rates on loans to large customers and by the original effective rate of subsidiaries. The lower of the then-determined present value and the carrying value is accounted for as allowance for revaluation on debt restructuring and recognised as an expense in profit or loss in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss over the remaining periods of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining periods.

Losses arising from debt restructuring through waivers of principal and/or recorded accrued interest receivables are recognised as an expense in profit or loss.

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7. Derivatives

The Bank has entered into transactions involving derivatives in order to respond to clients' needs and to manage its own foreign exchange and interest rate risks. Derivative contracts are measured according to the purpose of entering into those transactions as follows:

Trading Book

As at the end of the reporting period, foreign exchange contracts and cross currency and interest rate swap contracts are measured at fair value. Gains or losses arising from revaluation are recognised as income or expense in profit or loss.

The fair values of foreign exchange contracts are determined using the forward exchange rates at the end of reporting period for the contract periods remaining on those dates.

Banking Book

As at the end of the reporting period, the Bank recognises foreign exchange contracts, interest rate swap contracts and cross currency and interest rate swap contracts on an accrual basis as follows:

- (a) The currency exchange components are translated at the exchange rates ruling as at the end of the reporting period. Unrealised gains or losses on translation are recognised as income or expense in profit or loss. Forward points are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss.
- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets or liabilities. Interest income or interest expense is recognised over the term of the contract periods as income or expense in profit or loss.

8. Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost.

9. Sales of commercial papers

Commercial papers sold at a discount without recourse are recorded by crediting the "Notes receivables" account.

Commercial papers sold at a discount without an aval or an acceptance with recourse, are recorded as liabilities under the caption of "Liabilities from sale of commercial papers". Commercial papers with an aval or acceptance from other commercial banks or other financial institutions, sold at a discount with recourse, are recorded by crediting the "Notes receivables" account, and disclosed such commitment as part of "Contingent liabilities".

10. Derecognition of financial assets

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

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On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets, that is qualified for derecognition created or retained by the Bank, is recognised as a separate asset or liability.

(d) *Hire purchase and finance lease receivables*

Hire purchase and finance lease receivables are stated at the outstanding debt balance net of unearned hire purchase and finance lease income, residual commissions and direct expenses incurred at the inception of the contracts less allowance for expected credit loss.

Accounting policy regarding income from hire purchase receivables and finance lease receivables, derecognition, contract modification, and allowance for expected credit loss are disclosed in note 4 (c) Financial instruments.

(e) *Properties foreclosed*

Properties foreclosed are stated at the lower of cost at the acquisition date or net realisable value. Net realisable value is determined with reference to the appraisal value less estimated selling expenses.

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss when significant risk and rewards have been transferred to the buyer. Impairment loss is recognised as expenses in profit or loss.

The management uses the BoT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal values, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions.

(f) *Premises and equipment*

Recognition and measurement

Owned assets

Land is stated at cost. Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs

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

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Depreciation

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

Depreciation is charged as an expense to profit or loss, using a straight-line basis over the estimated useful lives of each component of an item of assets (except for the depreciation of motor vehicles of subsidiaries, which is calculated by reference to their cost, after deducting residual values, on the sum-of-the-years digits method). The estimated useful lives are as follows:

Buildings	34 years
Furniture, fixtures and office equipment	3 - 5 and 10 years
Motor vehicles	5 and 8 years

No depreciation is provided on freehold land.

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

Disposal

The Group derecognised an item of premises and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss from operations when the Group derecognised that assets.

(g) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Computer softwares	5 - 10 years
Deferred license fee	10 years

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

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(h) Impairment of non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

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

Reversals of impairment

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

(i) Employee benefits

Post-employment benefits

The Group operates a number of post-employment benefits including both defined contribution plans and defined benefit plans.

Defined contribution plans

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

Defined benefit plans

The Group treat the severance payments to employees upon retirement under labour law as post-employment retirement benefit plan.

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

The calculation is performed by a qualified actuary using the projected unit credit method. The determination is made involving various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate.

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

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

Short-term employee benefits

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

(j) Provisions

A provision is recognised if, as a result of a past event, the Group have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation

The Group have contingent liabilities as a result of litigation being made against them for claims of compensation. The management has used judgment to assess the results of the litigation and record provisions as at the end of the reporting period. However, actual results could differ from the estimates.

(k) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or the most advantageous market (in the absence of a principal market) that the Group is able to access. Fair value of liabilities reflects its own credit risk (the risk that an entity fails to meet its obligation).

The Group have an established control framework with respect to the measurement of fair values. This includes Portfolio Risk Management Department that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management of Finance and Strategy Division and Risk Management Division.

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

Significant valuation issues are reported to the Group's Executive Committee.

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 6 - Fair value of financial assets and financial liabilities

(l) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI (2019: available-for-sale equity investments) except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss;
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign entity

The financial statements of foreign entity are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the foreign entity's business.

(m) Dividend received

The Group recognises dividend received as income in profit or loss on the date that the Group has right to receive dividend. Dividend income is shown in other operating income.

(n) Fee and commission

Accounting Policy applicable from 1 January 2020

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

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

The Group acts in the capacity of an agent and recognises the net amount of consideration as commission revenue.

Accounting Policy applicable before 1 January 2020

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

(o) Lease

Accounting Policy applicable from 1 January 2020

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment loss, and adjusted for any remeasurements of lease liability. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease payments included fixed payments less any lease incentive receivable, option if the Group is reasonably certain to exercise option. Variable lease payments that do not depend on index or a rate are recognised as expenses in the accounting period in which they are incurred.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

The Group presents right-of-use assets in premises and equipment and lease liabilities in the statement of financial position.

Accounting Policy applicable before 1 January 2020

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leased assets

Leased assets in terms of which the Group substantially assume all the risk and rewards of ownership are classified as finance lease. Premises and equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

(p) Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

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

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

(q) *Earnings per share*

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders and preference shareholders which are equivalent to the ordinary shareholders of the Bank by the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the year, adjusted for own shares held.

(r) *Related parties*

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

(s) *Segment reporting*

Segment results that are reported to the Bank's Executive Committee (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(t) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Group has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

(u) *Treasury shares*

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity.

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5 Financial risk management

Risk management approach

The Group has set up its risk management structure in order to efficiently manage its core risks, as follows strategic risk, credit risk, market risk, operational risk, liquidity risk, reputation risk and information technology risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Group.

The Group manages its risks under the following key principles: core risks must be identified, measured, monitored, reported, analysed and controlled; and business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Group's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Group's overall risk management, Group Risk Supervision and Internal Control Committee, which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Group and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels. Additionally, Audit Committee is overseeing for the Internal Audit Department and Credit Review Department.

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the dedicated risk management related functions are under the stewardship of the Chief Executive Officer (CEO) are set in order to manage credit risk of each portfolio. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategies and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Group.

5.1 Credit risk

Credit risk is the risk that a debtor and/or counterparty to a financial agreement fails to honour an obligation and consequently causes the Group to incur a financial loss. The Group have disclosed significant concentrations of credit risk occurred from loans to customer, loan commitments and financial guarantee.

The maximum amount of credit risk exposure is the carrying amount of the financial assets and provision on loans commitment and financial guarantee less provision for losses as stated in the statements of financial position.

Credit policies/Framework

The Board of Director and Group Risk Supervision and Internal Control Committee are responsible for strategy approval and credit risk appetite in order to manage credit risk properly. The Group has put in place the Credit Risk Policy and other related risk policy including the frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All other relevant business units and support units are required to formulate their own specific policies follow the main policy. The Group has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk or a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk. Additionally, the Group's Stress Testing Policy ensures a consistent framework to assess the Group's ability to withstand extreme but plausible adverse changes to economic conditions.

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Credit Approval Process

In managing credit risk, the Group segregates the roles and responsibilities of the credit marketing function from the credit approval function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Group demands the placement of adequate collateral by customers in various forms including, for example, land and building, deposits, securities, and personal/corporate guarantees, etc.

The Group has contingent liabilities by issuing loan payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Group also makes a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit Review

The Internal Audit Department, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Credit Review Department, independent unit, performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

Internal Rating and External Rating Framework

Credit ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank developed internal credit risk models as a tool for management and for supporting any activities relating to the Group's credit risk. The model covered credit process such as the determination of risk appetite, credit approval process, measuring quality and effectiveness of portfolio. In addition, it can be used to predict changes in portfolio quality and early warning sign for deterioration trend and is useful for determining credit interest rate and measuring performance of credit portfolio. It also can be used as a communication tool within the Group.

Credit risk models have been developed for expected credit loss (ECL) to determine probability of default (PD), exposure at default (EAD), and loss given default (LGD). All models comprise both quantitative and qualitative factors/information. For the quantitative aspect, the data is collected from historical or from service providers. In addition to the wide range of activities described above, the Group also uses credit risk models in the process to determine loan loss provisioning, regulatory capital, and economic capital.

The Group set up credit rating guideline to provide the logic and use of creating and verifying model-based credit ratings. Currently, the Group uses different credit rating models according to different borrower segment.

Credit risk grade is based on risk rating (or PD models). The Group apply different types of internal rating models as 2 categories (1) Rating models for Commercial portfolio - based on most recent available financial position and qualitative assessment on the profile of the borrowers; and, (2) Rating models for small SME and retail portfolios are based on behavioral and/or credit performance proved by statistical methods to measure an appropriate credit risk grade or determining the appropriate probability of default based on borrowers' risk level.

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Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the policy. Model for evaluation and risk rating are subject to review and monitor regularly. This is a process to keep both risk grade and models up to date and healthiest.

A credit risk grade is ranked from lowest to highest. The lower the number in the rank, the lower the probability of default. The highest rating represents Non-performing loans with probability of default of 100%. In relation to notes 5.1.1 credit quality, the Group segregates risk level according to the ability for customers to meet financial obligation into five level; Low, Medium, Rather high, High, and Defaults.

In addition to the internal rating, the Group also use external ratings from an international rating agency as references for credit risk grade of investment in debt securities.

Information related to ECL

Significant increase in credit risk

SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors. Financial assets that are more than 30 days past due and not credit-impaired will be considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes. Indicators could include weak operating results or observed liquidity issues among a number of other factors.

Definition of default

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, bankruptcy or distressed restructuring.

Loan Loss Provisioning, TFRS9, and ECL model

Since 1 January 2020, the Group have recognised loss allowances based on the expected credit loss (ECL) model of TFRS9, which is designed to be forward-looking. The TFRS9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost (AMC) or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration (“Staging”). The ECL model parameters are estimated based on statistical techniques and supported by expert judgement.

Incorporation of forward-looking information

TFRS9 requires that expected credit loss should consider the effect from the economic movement or so-called forward-looking factor. Modelling newly regulated credit risk should also incorporate the state of economy.

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The Group apply forward-looking factor into the ECL models. For macroeconomic input/projections, the Group leverages on information from external sources. Then, statistical techniques are applied to transform the data into a multiple scenario analysis. Finally, the scenarios are used to derive lifetime parameters, which are applied in the calculation of expected credit losses and in the identification of significant deterioration in credit quality of financial assets as described previously.

The Group apply macro economic factors or any factor expected to occur as a part of formulated scenario for developing ECL. The Group formulate three forward-looking economic scenarios; a normal case scenario, which is the normal case scenario, best case scenario and worst case scenario which is put different weighted average amount. Examples of the macro economic variables used in the forward-looking information are Gross Domestic Product (GDP), interest rate, and unemployment rate.

Management Overlay

The Group calculated the ECL based on the model. However, management overlays was considered when underlying assumptions or data used to estimate ECLs do not reflect current circumstances, events or conditions of the Group at the reporting date as post-model adjustments.

5.1.1 Credit quality

Credit quality is ranked from credit grades that are grouped as low to defaults. This quality is used to reflect the ability for customers to meet financial obligation. The following tables set out information about the credit quality as at 31 December 2020 of investment and loans to customers without taking into account collateral or other credit enhancement. The Group classified a risk level based on most recent financial position, behaviours and qualitative factors.

Risk level	Stage 1	Consolidated		Total
		Stage 2	Stage 3	
		(in million Baht)		
Investments in debt instruments				
measured at AMC				
Low	35,375	-	-	35,375
Gross carrying amount	35,375	-	-	35,375
Less allowance for expected credit loss	(29)	-	-	(29)
Carrying amount	35,346	-	-	35,346
Investments in debt instruments				
measured at FVOCI				
Low	38,321	-	-	38,321
Carrying amount	38,321	-	-	38,321
Allowance for expected credit loss	(5)	-	-	(5)
Loans to customers and accrued interest				
receivables - net				
Low	70,757	-	-	70,757
Medium	78,352	72	-	78,424
Rather high/High	6,670	8,184	-	14,854
Defaults	-	-	1,518	1,518
Gross carrying amount	155,779	8,256	1,518	165,553
Less allowance for expected credit loss	(3,558)	(2,669)	(237)	(6,464)
Carrying amount	152,221	5,587	1,281	159,089

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Risk level	Stage 1	Bank only		Total
		Stage 2	Stage 3	
		(in million Baht)		
Investments in debt instruments measured at AMC				
Low	35,375	-	-	35,375
Gross carrying amount	35,375	-	-	35,375
Less allowance for expected credit loss	(29)	-	-	(29)
Carrying amount	35,346	-	-	35,346
Investments in debt instruments measured at FVOCI				
Low	38,321	-	-	38,321
Carrying amount	38,321	-	-	38,321
Allowance for expected credit loss	(5)	-	-	(5)
Loans to customers and accrued interest receivables - net				
Low	30,445	-	-	30,445
Medium	73,521	72	-	73,593
Rather high/High	6,670	3,367	-	10,037
Defaults	-	-	825	825
Gross carrying amount	110,636	3,439	825	114,900
Less allowance for expected credit loss	(2,317)	(661)	(6)	(2,984)
Carrying amount	108,319	2,778	819	111,916

5.1.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Group also use collateral as one type of credit risk mitigation to reduce potential credit losses to the Group. The type of eligible collateral consists of financial and non-financial collaterals which valued primarily based on their quality and liquidity. The value of collateral is primarily assessed on a prudent basis to ensure that the value assigned to the collateral remains current.

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Group strives to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers as well as Loan-to-Value (LTV) ratio for credit processes.

Loan-to-Value (LTV) ratio is used in entire credit processes, for examples

- Credit evaluation process - different risk levels require different LTVs

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Collateral Appraisal Approach:

Asset being used for provisioning calculation and LTV calculation guidance has to be pass through an appraisal process. The appraisal shall be conducted according to the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department. The following are example of collateral appraisal approach:

- Immovable property for commercial purpose shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Immovable property for residential purpose shall be appraised by the direct sales comparison approach, or the cost approach.
- Other immovable properties shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Machinery and vehicle shall be appraised by the direct sales comparison approach, or the cost approach
- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

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

Type of credit exposures	Note	Consolidated	Bank only	Principal type of collateral held
		<i>(in million Baht)</i>		
Interbank and money market items	9	31,719	31,477	Debt securities
Derivative assets	10	1,348	1,348	Cash
Investments in debt securities	11	73,696	73,696	None
Loans to customers	14			
- Loans to corporate customers		107,159	110,185	Properties, plant, equipment and guarantee by another banks
- Retail mortgage lending		16	16	Properties
- Hire purchase and finance lease		53,736	-	Vehicle
- Others		4,349	4,349	None

5.1.3 Concentrations of credit risk

The Group monitors concentration in different dimensions including sector. Concentrations of credit risk from loans to customers (including loans to financial institutions, which are presented as a part of “interbank and money market items” (assets)), loan commitments and financial guarantees as at 31 December 2020 is shown below:

	Loans to customers	Consolidated Loan commitments	Financial guarantees
		<i>(in million Baht)</i>	
At 31 December 2020			
Gross carrying amount	193,576	-	-
Amount committed/guaranteed	-	325,584	27,365

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	Loans to customers	Consolidated Loan commitments (in million Baht)	Financial guarantees
<i>Concentration by sector</i>			
Financial institutions	28,316	272,594	4,946
Agricultural and mining	1,585	2	-
Manufacturing and commerce	57,862	20,000	1,480
Real estate and construction	14,735	3,533	231
Public utilities and services	40,018	3,087	19,839
Retail mortgage lending	16	-	869
Hire purchase and finance lease	50,683	-	-
Others	361	26,368	-
Total	193,576	325,584	27,365

	Loans to customers	Bank only Loan commitments (in million Baht)	Financial guarantees
<i>At 31 December 2020</i>			
Gross carrying amount	142,866	-	-
Amount committed/guaranteed	-	354,978	27,365

<i>Concentration by sector</i>			
Financial institutions	28,316	272,594	4,946
Agricultural and mining	1,585	2	-
Manufacturing and commerce	60,888	49,394	1,480
Real estate and construction	14,735	3,533	231
Public utilities and services	36,965	3,087	19,839
Retail mortgage lending	16	-	869
Others	361	26,368	-
Total	142,866	354,978	27,365

5.2 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate its financial assets or procure sufficient funds to discharge its obligations in a timely manner, resulting to occur a financial loss.

The Group has established a liquidity management policy, to ensure that the Group has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Group Risk Supervision and Internal Control Committee under Financial Group, the Executive Committee and the Board of Directors, respectively.

To manage the Bank's liquidity, the Global Markets Division projects funding demand and identifies appropriate sources of funds consistent with the Bank's business and strategic plans. For the purpose of liquidity risk management, the Bank has set risk limits, required liquidity ratios, liquidity control procedures, the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Group Risk Supervision and Internal Control Committee on a regular basis.

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Moreover, the Bank has prepared the Early Warning System Indicator to monitor daily and monthly risk level and also set the trigger point in order to be prepared in case of any increasing of any risk factors and be used for liquidity risk management. The Portfolio Risk Management Department will inform the related party daily and submit to ALCO Meeting monthly. The Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

The Asset and Liability Committee has the following roles and responsibilities:

1. Formulate strategies relating to the regular and daily liquidity management.
2. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established.
3. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk.
4. Consider the liquidity risk limit and propose to the Executive Committee (EXCOM) for approval.
5. Review all assumptions which related to liquidity risk.

The Group liquidity management is decentralised, with the subsidiary, ICBC (Thai) Leasing Company Limited independently managing its own liquidity. ICBC (Thai) Leasing Company Limited's sources funds mainly from issuing debentures and loans from financial institutions, the Bank will provide liquidity support with the amount of funds based on Limited of Authority via the Board of Directors. Nevertheless, the Group performs regular controlling and monitoring of the liquidity risk of its subsidiaries and the subsidiaries' liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investments in debt securities with an acceptable and low level of risk, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Group's main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Group generates reports and sets limits in liquidity management as follows:

1. Daily and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as three days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Assets (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of the Bank and ICBC group.
2. Daily reports on amounts and types of liquid assets and their returns.
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. The Group prepares liquidity gap reports on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1 month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate.
5. Annual liquidity risk self-assessment report.
6. Monthly reports on any transactions or facilities exceeding approved limits.

The Bank also conducts stress tests on a quarterly basis, and regularly reviews the assumptions used to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. Stress test scenarios include a bank-specific crisis, a general market crisis and a combination of both scenarios that it is thought would have a severely adverse impact, and the Bank has prepared action plans to respond to the occurrence of such events. In addition, the Bank has prepared reports on its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in accordance with the BoT's guideline.

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According to BoT Notification Number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 December 2020 in the Bank's website, www.icbcthai.com, under Financial Report section/ Basel III Pillar III Disclosure, within April 2021.

As at 31 December 2020 and 2019, significant financial assets and financial liabilities are classified according to their remaining maturity as follows:

	Consolidated						
	2020						
	Maturity						
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
	(in million Baht)						
Financial assets							
Cash	-	-	-	-	-	442	442
Interbank and money market items	3,403	21,800	2,169	4,347	-	-	31,719
Investments	-	9,059	34,429	27,427	2,781	286	73,982
Loans to customers	1,416	27,563	30,392	81,350	22,448	2,091	165,260
Total financial assets	4,819	58,422	66,990	113,124	25,229	2,819	271,403
Financial liabilities							
Deposits	30,548	62,186	52,858	1,454	-	-	147,046
Interbank and money market items	612	3,253	16,330	18,758	-	-	38,953
Liabilities payable on demand	165	-	-	-	-	-	165
Debt issued and borrowings	-	-	13,773	23,790	6,988	-	44,551
Total financial liabilities	31,325	65,439	82,961	44,002	6,988	-	230,715

	Consolidated 2019							
			Maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years <i>(in million Baht)</i>	Over 5 years	No maturity	Non-performing assets	Total
Financial assets								
Cash	-	-	-	-	-	459	-	459
Interbank and money market items, net	2,358	16,485	299	7,143	-	-	-	26,285
Investments, net	-	7,286	25,717	36,192	2,626	298	-	72,119
Loans to customers ⁽¹⁾	36	27,590	26,096	83,190	17,331	563	1,008	155,814
Total financial assets	2,394	51,361	52,112	126,525	19,957	1,320	1,008	254,677
Financial liabilities								
Deposits	23,007	12,523	60,950	33,340	-	-	-	129,820
Interbank and money market items	735	5,082	16,919	26,032	-	-	-	48,768
Liabilities payable on demand	35	-	-	-	-	-	-	35
Debt issued and borrowings	-	4,096	13,873	12,293	6,986	-	-	37,248
Total financial liabilities	23,777	21,701	91,742	71,665	6,986	-	-	215,871

⁽¹⁾ Net of deferred revenue

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Bank only							
2020							
Maturity							
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	441	441
Interbank and money market items	3,161	21,800	2,169	4,347	-	-	31,477
Investments	-	9,059	34,429	27,427	2,781	286	73,982
Loans to customers	1,615	25,021	22,080	48,622	15,814	1,398	114,550
Total financial assets	4,776	55,880	58,678	80,396	18,595	2,125	220,450
Financial liabilities							
Deposits	30,555	62,186	52,858	1,454	-	-	147,053
Interbank and money market items	612	1,753	16,330	18,758	-	-	37,453
Liabilities payable on demand	165	-	-	-	-	-	165
Debt issued and borrowings	-	-	-	-	4,989	-	4,989
Total financial liabilities	31,332	63,939	69,188	20,212	4,989	-	189,660

Bank only								
2019								
Maturity								
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Non-performing assets	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	458	-	458
Interbank and money market items, net	2,171	16,485	299	7,143	-	-	-	26,098
Investments, net	-	7,286	25,717	36,192	2,626	298	-	72,119
Loans to customers ⁽¹⁾	475	24,857	21,496	53,209	12,657	563	258	113,515
Total financial assets	2,646	48,628	47,512	96,544	15,283	1,319	258	212,190
Financial liabilities								
Deposits	23,010	12,523	60,950	33,340	-	-	-	129,823
Interbank and money market items	735	4,082	16,919	26,032	-	-	-	47,768
Liabilities payable on demand	35	-	-	-	-	-	-	35
Debt issued and borrowings	-	-	-	-	4,987	-	-	4,987
Total financial liabilities	23,780	16,605	77,869	59,372	4,987	-	-	182,613

⁽¹⁾ Net of deferred revenue

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5.3 Market risk

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

The Group has established various market risk policies, which set standards and guidelines for market risk management. The sub-committee holds the responsibility to assist the BOD and the Group Risk Supervision and Internal Control Committee to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Group classifies the overall market risk management into two parts: trading book and banking book. The Group has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Group has established the market risk policies for trading book to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Group's risk appetite.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from items on statement of financial position, off-balance sheet items and derivatives designated to hedge other banking book items.

The Group has established the market risk policies for banking book, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Group's risk appetite.

The Group also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

5.3.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Group's operating results, cash flows and economic value.

The Group manages interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

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As at 31 December 2019, financial assets and financial liabilities classified by types of interest rates were as follows:

	Consolidated 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	459	459
Interbank and money market items, net	7,655	16,333	2,297	26,285
Investments, net	1,387	70,434	298	72,119
Loans to customers ⁽¹⁾	74,890	79,960	964	155,814
Total financial assets	83,932	166,727	4,018	254,677
<i>Financial liabilities</i>				
Deposits	15,697	113,546	577	129,820
Interbank and money market items	19,378	28,982	408	48,768
Liabilities payable on demand	-	-	35	35
Debts issued and borrowings	-	37,248	-	37,248
Total financial liabilities	35,075	179,776	1,020	215,871

⁽¹⁾ Net of deferred revenue

	Bank only 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	458	458
Interbank and money market items, net	7,595	16,333	2,170	26,098
Investments, net	1,387	70,434	298	72,119
Loans to customers ⁽¹⁾	73,964	39,337	214	113,515
Total financial assets	82,946	126,104	3,140	212,190
<i>Financial liabilities</i>				
Deposits	15,700	113,546	577	129,823
Interbank and money market items	19,378	27,982	408	47,768
Liabilities payable on demand	-	-	35	35
Debts issued and borrowings	-	4,987	-	4,987
Total financial liabilities	35,078	146,515	1,020	182,613

⁽¹⁾ Net of deferred revenue

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As at 31 December 2020 and 2019, significant financial assets and financial liabilities classified according to the earlier between their remaining maturity and interest repricing periods were as follows:

Consolidated								
2020								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	442	-	442
Interbank and money market items	78	27,179	1,137	-	-	3,325	-	31,719
Investment	-	10,890	32,908	27,117	2,781	286	-	73,982
Loans to customers	1,998	90,381	20,381	44,935	6,056	-	1,509	165,260
Total financial assets	2,076	128,450	54,426	72,052	8,837	4,053	1,509	271,403
Financial liabilities								
Deposits	29,959	62,186	52,858	1,454	-	589	-	147,046
Interbank and money market items	259	23,201	7,168	7,972	-	353	-	38,953
Liabilities payable on demand	-	-	-	-	-	165	-	165
Debts issued and borrowings	-	-	13,773	23,790	6,988	-	-	44,551
Total financial liabilities	30,218	85,387	73,799	33,216	6,988	1,107	-	230,715
Consolidated								
2019								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	459	-	459
Interbank and money market items	61	23,628	299	-	-	2,297	-	26,285
Investment	-	8,673	25,717	34,805	2,626	298	-	72,119
Loans to customers ⁽¹⁾	11	75,664	38,037	36,825	4,269	-	1,008	155,814
Total financial assets	72	107,965	64,053	71,630	6,895	3,054	1,008	254,677
Financial liabilities								
Deposits	22,430	12,523	60,950	33,340	-	577	-	129,820
Interbank and money market items	327	22,688	18,364	6,981	-	408	-	48,768
Liabilities payable on demand	-	-	-	-	-	35	-	35
Debts issued and borrowings	-	4,096	11,373	14,793	6,986	-	-	37,248
Total financial liabilities	22,757	39,307	90,687	55,114	6,986	1,020	-	215,871

⁽¹⁾ Net of deferred revenue

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Bank only								
2020								
			Reprice/maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	441	-	441
Interbank and money market items	2	27,179	1,137	-	-	3,159	-	31,477
Investments	-	10,890	32,908	27,117	2,781	286	-	73,982
Loans to customers	2,197	87,353	11,618	11,041	1,525	-	816	114,550
Total financial assets	2,199	125,422	45,663	38,158	4,306	3,886	816	220,450
Financial liabilities								
Deposits	29,966	62,186	52,858	1,454	-	589	-	147,053
Interbank and money market items	259	21,701	7,168	7,972	-	353	-	37,453
Liabilities payable on demand	-	-	-	-	-	165	-	165
Debt issued and borrowings	-	-	-	-	4,989	-	-	4,989
Total financial liabilities	30,225	83,887	60,026	9,426	4,989	1,107	-	189,660
Bank only								
2019								
			Reprice/maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	458	-	458
Interbank and money market items, net	1	23,628	299	-	-	2,170	-	26,098
Investments, net	-	8,673	25,717	34,805	2,626	298	-	72,119
Loans to customers ⁽¹⁾	450	72,982	30,053	9,071	701	-	258	113,515
Total financial assets	451	105,283	56,069	43,876	3,327	2,926	258	212,190
Financial liabilities								
Deposits	22,433	12,523	60,950	33,340	-	577	-	129,823
Interbank and money market items	327	21,688	18,364	6,981	-	408	-	47,768
Liabilities payable on demand	-	-	-	-	-	35	-	35
Debts issued and borrowings	-	-	-	-	4,987	-	-	4,987
Total financial liabilities	22,760	34,211	79,314	40,321	4,987	1,020	-	182,613

⁽¹⁾ Net of deferred revenue

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The average balances of the significant financial assets and financial liabilities generating revenues and incurring expenses, calculated based on the average balances outstanding during the years, and the average interest rates for the years ended 31 December 2020 and 2019 can be summarised as follows:

	Consolidated					
	2020			2019		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
<i>Financial assets</i>						
Interbank and money market items	36,645	500	1.36	20,261	470	2.32
Investments	76,886	1,936	2.52	71,910	2,091	2.91
Loans to customers	169,842	4,341	2.56	157,004	6,378	4.06
<i>Financial liabilities</i>						
Deposits	149,256	1,768	1.18	115,366	1,746 ⁽²⁾	1.51
Interbank and money market items	49,856	795	1.59	56,943	1,395	2.45
Debts issued and borrowings	38,893	862	2.22	34,238	862 ⁽³⁾	2.52
⁽¹⁾ Calculated by average of month end balance						
⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand						
⁽³⁾ Including debentures fee expense						

	Bank only					
	2020			2019		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
<i>Financial assets</i>						
Interbank and money market items	36,435	500	1.37	20,030	470	2.35
Investments	76,886	1,936	2.52	71,910	2,091	2.91
Loans to customers	118,435	4,374	3.69	112,589	4,273	3.80
<i>Financial liabilities</i>						
Deposits	149,251	1,768	1.18	115,370	1,746 ⁽²⁾	1.51
Interbank and money market items	48,225	771	1.60	56,612	1,390	2.46
Debts issued and borrowings	4,988	175	3.52	4,987	177 ⁽³⁾	3.55
⁽¹⁾ Calculated by average of month end balance						
⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand						
⁽³⁾ Including debentures fee expense						

5.3.2 Sensitivity analysis

Market risk in the banking book

The Group employs Repricing Gap Report in measuring and monitoring the interest rate in the banking book in which the control limit has been set at the acceptable level.

In addition, the Group conducts the stress test on the interest rate risk in the banking book based on the assumptions in line with the principle of extreme but plausible scenarios and divided into individual currencies in a quarterly basis in order to report to the Group Risk Committee for consideration and revision of risk management strategy and back up plan.

At present, the Group does not have the behavioral adjustments on both assets and liabilities, e.g. behavioral adjustment on prepayment schedule and the rollover of the deposit.

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The Repricing Gap report in Banking Book by currency is reported to the Asset and Liabilities Committee on a monthly basis, and a report on interest rate risk to the Bank of Thailand on a quarterly basis. The impacts of a change in interest rate on earnings of the consolidated and Bank only as at 31 December 2020 were as follows:

Currency	Consolidated	
	2020	
	Upward 100 bps	Downward 100 bps
	<i>(in million Baht)</i>	
Thai Baht	216	(216)
US Dollar	(25)	25
Renminbi	(5)	5
Euro	47	(47)
Total impact of the change in interest rate	233	(233)

Currency	Bank only	
	2020	
	Upward 100 bps	Downward 100 bps
	<i>(in million Baht)</i>	
Thai Baht	233	(233)
US Dollar	(36)	36
Renminbi	(5)	5
Euro	42	(42)
Total impact of the change in interest rate	234	(234)

5.3.3 Foreign exchange risk

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

In addition to the financial assets and financial liabilities denominated in foreign currencies already disclosed in related note to the financial statements, as at 31 December 2020 and 2019, the Group's net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	2020			2019		
	US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾
	<i>(in US Dollar million)</i>					
Spot	1,086	(365)	(75)	811	(293)	7
Forward	(1,091)	365	77	(807)	293	(3)
Net position	(5)	-	2	4	-	4

⁽¹⁾ Balance denominated in Euro and other currencies are stated in US Dollar equivalents.

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	Bank only					
	2020			2019		
	US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾ (in US Dollar million)	US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾
Spot	1,097	(365)	(75)	810	(293)	7
Forward	(1,091)	365	77	(807)	293	(3)
Net position	6	-	2	3	-	4

⁽¹⁾ Balance denominated in Euro and other currencies are stated in US Dollar equivalents.

5.3.4 Equity price risk

Equity price risk is the risk arising from changes in the price of a debt securities or equity securities. This causes fluctuations in the income or financial assets of the Group.

The Group has a policy to manage market risks. The ceiling risk limit is set in order to control the risk to be at the Group's acceptable level. There is a Risk Control Unit, separated from the front office and the back office to control risks and report the status of limits to relevant departments or related management in order to manage risks promptly.

As at 31 December 2020, the Bank has equity investments listed on Stock Exchange of Thailand at Baht 138 million with the mark to market value at Baht 278 million.

6 Fair value of financial assets and financial liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at 31 December 2020. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated 2020 Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Derivatives assets					
- Foreign exchange rate	464	-	464	-	464
- Interest rate	1	-	1	-	1
- Foreign exchange and interest rate	883	-	883	-	883
	1,348	-	1,348	-	1,348
Investments					
- Investments in debt instruments measured at AMC	35,375	-	35,327	-	35,327
- Investments in debt instruments measured at FVOCI	38,321	-	38,321	-	38,321
- Investments in equity instruments designated at FVOCI	286	-	278	8	286
	73,982	-	73,926	8	73,934
Loans to customers ⁽¹⁾	111,524	-	75,907	35,632	111,539
Total financial assets	186,854	-	151,181	35,640	186,821

⁽¹⁾ The amount excludes hire purchase and finance lease of subsidiaries

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	Consolidated				
	2020				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial liabilities</i>					
Deposits	147,046	-	147,058	-	147,058
Derivative liabilities					
- Foreign exchange rate	105	-	105	-	105
- Interest rate	913	-	913	-	913
- Foreign exchange and interest rate	544	-	544	-	544
	1,562	-	1,562	-	1,562
Debts issued and borrowings	44,551	-	45,361	-	45,361
Total financial liabilities	193,159	-	193,981	-	193,981
	Bank only				
	2020				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial assets</i>					
Derivatives assets					
- Foreign exchange rate	464	-	464	-	464
- Interest rate	1	-	1	-	1
- Foreign exchange and interest rate	883	-	883	-	883
	1,348	-	1,348	-	1,348
Investments					
- Investments in debt instruments measured at AMC	35,375	-	35,327	-	35,327
- Investments in debt instruments measured at FVOCI	38,321	-	38,321	-	38,321
- Investments in equity instruments designated at FVOCI	286	-	278	8	286
	73,982	-	73,926	8	73,934
Loans to customers	114,550	-	77,313	37,321	114,634
Total financial assets	189,880	-	152,587	37,329	189,916
<i>Financial liabilities</i>					
Deposits	147,053	-	147,065	-	147,065
Derivative liabilities					
- Foreign exchange rate	105	-	105	-	105
- Interest rate	913	-	913	-	913
- Foreign exchange and interest rate	544	-	544	-	544
	1,562	-	1,562	-	1,562
Debts issued and borrowings	4,989	-	5,153	-	5,153
Total financial liabilities	153,604	-	153,780	-	153,780

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The following table analyses financial assets and financial liabilities measured at fair value at 31 December 2019 by the level in the fair value hierarchy into which the fair value measurement is categorised.

Consolidated and Bank only				
2019				
Fair value				
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial assets				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	23	-	23
- Foreign exchange and interest rate	-	109	-	109
Available-for-sale securities	297	34,820	-	35,117
Financial liabilities				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	21	-	21
- Foreign exchange and interest rate	-	108	-	108

The following tables analyse financial assets and financial liabilities not measured at fair value at 31 December 2019, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Consolidated					
2019					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	26,285	-	26,285	-	26,285
Derivatives assets (Banking book)	98	-	82	-	82
Investment, net ⁽¹⁾	37,003	-	37,556	7	37,563
Loans to customers ^{(2) (3)}	111,206	-	-	111,271	111,271
Receivables on credit support for derivative contracts	388	-	388	-	388
Financial liabilities					
Deposits	129,820	-	129,840	-	129,840
Interbank and money market items	48,768	-	47,764	-	47,764
Derivatives liabilities (Banking book)	330	-	508 ⁽⁴⁾	-	508
Debts issued and borrowings	37,248	-	37,770	-	37,770
Other financial liabilities	32	-	582 ⁽⁵⁾	-	582

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ The amount excludes hire purchase and finance lease of subsidiaries

⁽⁴⁾ Interest receivables and payables are considered for determining fair value on derivative liabilities

⁽⁵⁾ The amount stated represents net loss on other financial liabilities

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		Bank only 2019			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	26,098	-	26,098	-	26,098
Derivatives assets (Banking book)	98	-	82	-	82
Investment, net ⁽¹⁾	37,003	-	37,556	7	37,563
Loans to customers ⁽²⁾	113,515	-	-	113,660	113,660
Receivables on credit support for derivative contracts	388	-	388	-	388
Financial liabilities					
Deposits	129,823	-	129,843	-	129,843
Interbank and money market items	47,768	-	47,764	-	47,764
Derivatives liabilities (Banking book)	330	-	508 ⁽³⁾	-	508
Debts issued and borrowings	4,987	-	5,160	-	5,160
Other financial liabilities	32	-	582 ⁽⁴⁾	-	582

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ Interest receivables and payables are considered for determining fair value on derivative liabilities

⁽⁴⁾ The amount stated represents net loss on other financial liabilities

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ Interest receivables and payables are considered for determining fair value on derivative liabilities

⁽⁴⁾ The amount stated represents net loss on other financial liabilities

Methods and assumptions in estimating fair values of financial assets and financial liabilities

Investments in debt instruments and other equity instruments

The fair value of government and state enterprise and private debt securities is calculated by using the yield curve of the Thai Bond Market Association and reliable market data sources at the end of reporting period.

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

Loans to customers and significant unobservable inputs used

For variable floating-rate loans to customers that have no significant change in credit risk, fair value is based on carrying value. The fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date is approximated using the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis, using interest rates currently being offered on loans to customers with similar characteristics and terms.

For level 3, the Bank uses internal reference rate as significant unobservable inputs with the range of estimates between 1.74% to 5.20%. This fair value measurement would be significantly sensitive for the increasing in volatilities and would result in a change fair value.

Deposits

The fair value disclosed for deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits which have remaining maturity within 1 year are approximated using their market value at the reporting date. Fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposit and terms.

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Interbank and money market items (liabilities) and Debts issued and borrowings

The fair value of interbank and money market items and debts issued and borrowings and/or items which bear variable rates of interest approximates their carrying amount at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments. The fair value of debentures is based on quoted market prices announced by the Thai Bond Market Association.

Derivatives

Fair values are based on inputs which are observable from independent and reliable market data sources. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

7 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 7 May 2019, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III.

As at 31 December 2020 and 2019, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2020	2019
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,081,600
Legal reserve	2,015,000	1,600,000
Retained earnings after appropriations	11,084,302	9,337,444
Other comprehensive income	227,070	335,264
Other owner changes items	(24,849)	(24,849)
Capital adjustment items on CET1	3,434	-
Less Capital deduction items on CET1	(960,454)	(1,192,016)
Total Tier 1 capital	32,426,103	30,137,443
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,769,324	2,656,076
Total Tier 2 capital	7,769,324	7,656,076
Total capital funds	40,195,427	37,793,519
Total risk-weighted assets	231,501,689	222,290,887

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	BoT's minimum requirement ⁽¹⁾	2020	Consolidated supervision BoT's minimum requirement ⁽¹⁾	2019
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	11	17.36	11	17.00
Tier 1 capital to total risk-weighted assets	8.5	14.01	8.5	13.56
Tier 1 common equity to total risk-weighted assets	7	14.01	7	13.56
Tier 2 capital to total risk-weighted assets	-	3.35	-	3.44

⁽¹⁾ Includes capital conservation buffer as required by BoT commencing 1 January 2016

	Bank only	
	2020	2019
	(in thousand Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,081,600
Legal reserve	2,015,000	1,600,000
Retained earnings after appropriations	8,762,924	7,945,207
Other comprehensive income	215,138	335,311
Capital adjustment items on CET1	3,434	-
Less Capital deduction items on CET1	(377,060)	(459,545)
Total Tier 1 capital	30,701,036	29,502,573
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,292,301	2,295,622
Total Tier 2 capital	7,292,301	7,295,622
Total capital funds	37,993,337	36,798,195
Total risk-weighted assets	190,008,023	190,285,636

	BoT's minimum requirement ⁽¹⁾	2020	Bank only BoT's minimum requirement ⁽¹⁾	2019
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	11	20.00	11	19.34
Tier 1 capital to total risk-weighted assets	8.5	16.16	8.5	15.50
Tier 1 common equity to total risk-weighted assets	7	16.16	7	15.50
Tier 2 capital to total risk-weighted assets	-	3.84	-	3.84

⁽¹⁾ Includes capital conservation buffer as required by BoT commencing 1 January 2016

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BoT's directive number Sor Nor Sor 14/2562 and the BoT's directive number Sor Nor Sor 15/2562, dated 7 May 2019, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2019 in the Bank's website, www.icbcthai.com, under Financial Report section on 26 April 2020. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2020 within April 2021.

According to Bank of Thailand notification number For Gor Gor (12) Wor 1030/2562 dated 10 July 2019, the Bank is required to disclose regulatory capital and capital ratio after deducting capital add-

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on arising from Single Lending Limit. As at 31 December 2020 and 2019, the financial group and the Bank do not require to have capital add-on arising from Single Lending Limit.

Capital management

The primary objectives of the Bank's capital management are to support business growth and to maintain the capital adequacy ratio and the credit rating.

8 Classification of financial assets and financial liabilities

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 2020 Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	442	442
Interbank and money market items, net	-	-	-	31,650	31,650
Derivatives	1,348	-	-	-	1,348
Investment, net	-	38,321	286	35,346	73,953
Loans to customers and accrued interest receivables, net	-	-	-	159,089	159,089
Receivables on credit support for derivative contracts	-	-	-	191	191
Total	1,348	38,321	286	226,718	266,673
<i>Financial liabilities</i>					
Deposit	-	-	-	147,046	147,046
Interbank and money market items	-	-	-	38,953	38,953
Liabilities payable on demand	-	-	-	165	165
Derivative liabilities	1,562	-	-	-	1,562
Debts issued and borrowings	-	-	-	44,551	44,551
Payables on credit support for derivative contracts	-	-	-	339	339
Total	1,562	-	-	231,054	232,616

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	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Bank only 2020 Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	441	441
Interbank and money market items, net	-	-	-	31,409	31,409
Derivatives	1,348	-	-	-	1,348
Investment, net	-	38,321	286	35,346	73,953
Loans to customers and accrued interest receivables, net	-	-	-	111,916	111,916
Receivables on credit support for derivative contracts	-	-	-	191	191
Total	1,348	38,321	286	179,303	219,258
<i>Financial liabilities</i>					
Deposit	-	-	-	147,053	147,053
Interbank and money market items	-	-	-	37,453	37,453
Liabilities payable on demand	-	-	-	165	165
Derivative liabilities	1,562	-	-	-	1,562
Debts issued and borrowings	-	-	-	4,989	4,989
Payables on credit support for derivative contracts	-	-	-	339	339
Total	1,562	-	-	189,999	191,561

9 Interbank and money market items, net (Assets)

	Consolidated 2020	Consolidated 2019	Bank only 2020	Bank only 2019
<i>Domestic items</i>				
Bank of Thailand	1,812,518	1,111,138	1,812,518	1,111,138
Commercial Banks	11,545,703	8,229,557	11,406,950	8,148,329
Specialised financial institutions	8,681,017	6,741,659	8,680,000	6,740,000
Other financial institutions	2,116,000	2,378,500	2,116,000	2,378,500
Total	24,155,238	18,460,854	24,015,468	18,377,967
<i>Add</i> accrued interest receivables and undue interest receivables (2019: <i>accrued interest receivables</i>)	2,220	3,167	2,219	3,161
<i>Less</i> allowance for expected credit loss (2019: <i>allowance for doubtful accounts</i>)	(14,295)	(12,619)	(14,295)	(12,619)
Total domestic items, net	24,143,163	18,451,402	24,003,392	18,368,509

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	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Foreign items				
US Dollar	6,683,450	7,307,432	6,582,106	7,203,401
Renminbi	795,682	448,054	795,682	448,054
Euro	41,492	69,377	41,492	69,377
HKD	12,455	7,546	12,455	7,546
Other currencies	30,256	30,521	30,256	30,521
Total	7,563,335	7,862,930	7,461,991	7,758,899
Add accrued interest receivables and undue interest receivables (2019: accrued interest receivables)	30,458	52,464	30,458	52,464
Less deferred revenue	-	(14,216)	-	(14,216)
Less allowance for expected credit loss (2019: allowance for doubtful accounts)	(86,706)	(67,677)	(86,706)	(67,677)
Total foreign items, net	7,507,087	7,833,501	7,405,743	7,729,470
Total domestic and foreign items, net	31,650,250	26,284,903	31,409,135	26,097,979

10 Derivatives

10.1 Derivatives held for trading

The fair value and the notional amount classified by types of risks are as follows:

	Consolidated and Bank only					
	2020			2019		
Types of risks	Fair value		Notional	Fair value		Notional
	Assets	Liabilities	Amount ⁽¹⁾	Assets	Liabilities	Amount ⁽¹⁾
	<i>(in thousand Baht)</i>					
Foreign exchange	464,260	104,507	37,637,645	23,445	21,344	8,176,508
Interest rate	927	40,221	4,340,426	-	-	-
Foreign exchange and interest rate	882,754	543,988	19,817,046	108,906	107,641	4,096,063
Total	1,347,941	688,716	61,795,117	132,351	128,985	12,272,571

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

Proportion of derivative trading transactions classified by types of counterparties are determined on the basis of the notional amount.

	Consolidated and Bank only	
	2020	2019
	<i>(%)</i>	
Counterparties		
Financial institutions	99.58	99.02
Corporations	0.42	0.98
Total	100.00	100.00

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10.2 Derivatives held for hedging

Types of risks	Consolidated and Bank only		
	2020		
	Assets	Fair value Liabilities (in thousand Baht)	Notional Amount ⁽¹⁾
Interest rate			
- Fair value hedge	-	868,750	17,273,199
- Cash flow hedge	-	4,413	3,003,710
Total	-	873,163	20,276,909

⁽¹⁾ The value based on the contractual amount.

Types of risks	Consolidated and Bank only		
	2019		
	Assets	Carrying value ⁽²⁾ Liabilities (in thousand Baht)	Notional Amount ⁽¹⁾
Foreign exchange	42,829	34,957	22,094,657
Interest rate	- ⁽³⁾	- ⁽³⁾	25,498,001
Foreign exchange and interest rate	54,969	294,962	15,507,688
Total	97,798	329,919	63,100,346

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

⁽²⁾ Carrying value is the value determined based on an accrual basis as described in accounting policy regarding to derivatives for banking book.

⁽³⁾ Not included interest receivables and payables, which are recorded as a part of "Accrued income" or recorded as "Accrued interest payables" in the statements of financial position, as the case may be.

Hedge accounting methodology

Fair value hedge

The Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate investments in debt securities. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to floating rate. Hedged items are investments in debt securities where their carrying amount, attributable to the hedged risk as of 31 December 2020 are Baht 14,561 million. These arose ineffectiveness which recognized loss in the profit or loss for the year ended 31 December 2020 of Baht 2 million.

Cash flow hedge

The Bank uses interest rate swaps to hedge its exposure to variability in future cash flows attributable to movements in interest rates of USD borrowings. The designated risk being hedged is the risk of changes in interest rate risk from floating rate to fixed rate. Cash flow hedge reserve is cumulative amount of effective portion of fair value of hedging instruments which is recognised in other reserves. Cash flow hedge balances for the consolidated and Bank only as of 31 December 2020 have loss for Baht 4 million.

Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

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The Bank establishes a hedge ratio by aligning the par amount of the fixed-rate investments in debt securities and the notional amount of the interest rate swap designated as a hedging instrument. The Bank applies the hedge ratio of 1:1.

11 Investments. net

11.1 Classified by types of investments

	Consolidated and Bank only	
	2020	
	<i>(in thousand Baht)</i>	
Investments in debt instruments measured at AMC	AMC	
Domestic private debt securities	9,181,171	
Foreign private debt securities	26,193,621	
	35,374,792	
Less allowance for expected credit loss	(29,054)	
Total	35,345,738	
Investments in debt instruments measured at FVOCI	Fair value	
Government and state enterprise securities	32,738,119	
Domestic private debt securities	3,588,725	
Foreign private debt securities	1,994,164	
Total	38,321,008	
Allowance for expected credit loss	(4,720)	
	Consolidated and Bank only	
	2020	
	<i>(in thousand Baht)</i>	
	Fair value	Dividend income
Investments in equity instruments designated at FVOCI		
Domestic marketable equity instruments	278,270	5,124
Domestic non-marketable equity instruments	7,532	286
Total	285,802	5,410
Total investment, net	73,952,548	
	Consolidated and Bank only	
	2019	
	<i>(in thousand Baht)</i>	
Available-for-sale securities - Fair value		
Government and state enterprise securities	30,773,594	
Domestic private debt securities	2,056,545	
Foreign private debt securities	1,989,415	
Domestic equity securities	296,715	
Total	35,116,269	
Held-to-maturity securities - AMC		
Domestic private debt securities	11,704,937	
Foreign private debt securities	25,296,233	
Total	37,001,170	
General investments - Cost		
Domestic non-marketable equity securities	11,272	
Less allowance for impairment	(9,247)	
General investments, net	2,025	
Total	72,119,464	

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As at 31 December 2020, Baht 1,317 million of investments in debt instruments measured at AMC and Baht 545 million of investments in debt instruments measured at FVOCI are pledged as security on a contract for repurchase agreements (2019: Baht 948 million of held-to-maturity securities and Baht 603 million of available-for-sale securities).

11.2 Classified by the remaining periods to maturity of debt securities

	Consolidated and Bank only			
	2019			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	22,958,933	7,254,413	470,126	30,683,472
Domestic private debt securities	430,000	1,000,000	500,000	1,930,000
Foreign private debt securities	-	1,968,014	-	1,968,014
Total	23,388,933	10,222,427	970,126	34,581,486
Add revaluation surplus	30,631	156,432	51,005	238,068
Total available-for-sale securities	23,419,564	10,378,859	1,021,131	34,819,554
<i>Held-to-maturity securities</i>				
Domestic private debt securities	4,467,000	6,537,937	700,000	11,704,937
Foreign private debt securities	5,116,184	19,275,429	904,620	25,296,233
Total held-to-maturity securities	9,583,184	25,813,366	1,604,620	37,001,170
Total debt securities	33,002,748	36,192,225	2,625,751	71,820,724

11.3 Revaluation surplus on available-for-sale investments

As at 31 December 2019, revaluation surplus on investments could be summarised as follows:

	Consolidated and Bank only
	2019
	<i>(in thousand Baht)</i>
Revaluation surplus on investments	
Debt securities	262,672
Equity securities	156,467
Total	419,139
Less deferred tax	(83,828)
Net	335,311

11.4 Investment in companies with problems in their financial positions and operating results

	Consolidated and Bank only			
	2020		2019	
	Cost	Fair value	Cost	Fair value
	<i>(in thousand Baht)</i>			
Companies with problems in their financial positions and operating results	9,817	512	9,817	570
				(9,247)

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12 Investments in subsidiaries, net

Investments in subsidiaries as at 31 December 2020 and 2019, and dividend income from those investments for the years ended 31 December 2020 and 2019, were as follows:

Name of subsidiaries	Type of business	Bank only							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2020	2019	2020	2019	2020	2019	2020	2019
		(%)		(in million Baht)					
Direct subsidiary									
ICBC (Thai) Leasing Company Limited ⁽¹⁾	Hire purchase, finance lease and factoring business	99.99	99.99	4,250	4,250	<u>4,250</u>	<u>4,250</u>	<u>-</u>	<u>-</u>
Indirect subsidiary									
Sky High LI Leasing Designated Activity Company Limited ⁽²⁾	Hire purchase business	99.99	99.99	-	-	-	-	-	-
ICBC (Thai) Insurance Broker Company Limited ⁽¹⁾	Life and non-life insurance brokers	99.99	-	6	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total						<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾ The direct subsidiary is incorporated in Thailand

⁽²⁾ The indirect subsidiary is incorporated in Ireland

In January 2020, the ICBC (Thai) Leasing Company Limited ("the Direct subsidiary"), established its subsidiary, ICBC (Thai) Insurance Broker Company Limited ("the Company"), domestically. The direct subsidiary is the major shareholder that owns 99.99% of the Company's shares. As a result, the Company became an indirect subsidiary of the Bank. The principle activities of the indirect subsidiary are life and non-life insurance brokers. The indirect subsidiary has an authorised capital of Baht 6 million and demand full payment on shares.

13 Investment in an associate, net

On 30 May 2019, the Bank sold 71.44 million shares of Finansia Syrus Securities Public Company Limited, an associated of the Bank, or 12.29% of its 22.29% interest in the issued and paid up capital for a consideration of Baht 158.43 million to Apex Speed Holdings Limited, the Company that is related with the ultimate parent company. The consideration was in the range of the valuation result appraised by external appraiser.

As at 31 December 2020, Finansia Syrus Securities Public Company Limited is no longer an associated company of the Bank.

During the year ended 31 December 2019, the Group recognised share of losses from investment in an associate of Baht 7.71 million, and had dividend income from investment in an associate of Baht 7.78 million.

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14 Loans to customers and accrued interest receivables, net

14.1 Classified by types of loans

	Consolidated 2020	Bank only 2020
	<i>(in thousand Baht)</i>	
Overdrafts	582,549	582,549
Loans	86,406,928	89,416,214
Notes receivables	21,752,449	23,451,449
Factoring receivables	2,782,011	1,099,527
Hire purchase receivables	48,412,231	-
Finance lease receivables	5,323,838	-
Total loans to customers	165,260,006	114,549,739
Add accrued interest receivables and undue interest income	293,495	350,069
Total loans to customers and accrued interest receivables	165,553,501	114,899,808
Less allowance for expected credit loss	(6,464,308)	(2,983,504)
Loans to customers and accrued interest receivables, net	159,089,193	111,916,304

	Consolidated 2019	Bank only 2019
	<i>(in thousand Baht)</i>	
Overdrafts	563,555	563,555
Loans	87,049,264	90,190,386
Notes receivables	22,147,390	22,586,390
Factoring receivables	1,575,209	178,815
Hire purchase receivables	44,326,033	-
Finance lease receivables	6,431,381	-
Total loans to customers	162,092,832	113,519,146
Less deferred revenue	(6,279,223)	(4,541)
Total loans to customers, net of deferred revenue	155,813,609	113,514,605
Add accrued interest receivables	338,097	338,955
Total loans to customers, net of deferred revenue and accrued interest receivables	156,151,706	113,853,560
Less allowance for doubtful accounts		
- allowance established per BoT regulations	(2,476,468)	(738,263)
- allowance established in excess of BoT regulations	(4,590,643)	(2,530,028)
Less revaluation allowance for debt restructuring	(18)	(18)
Loans to customers and accrued interest receivables, net	149,084,577	110,585,251

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14.2 Classified by currencies and residences of customers

	Consolidated 2020			Bank only 2020		
	Domestic	Foreign (in thousand Baht)	Total	Domestic	Foreign (in thousand Baht)	Total
Baht	139,181,388	28,880	139,210,268	88,490,904	28,880	88,519,784
US Dollar	12,850,492	6,280,671	19,131,163	9,797,744	9,313,636	19,111,380
Renminbi	15	859,262	859,277	15	859,262	859,277
Euro	37	5,090,436	5,090,473	37	5,090,436	5,090,473
Hong Kong Dollar	-	968,825	968,825	-	968,825	968,825
Total ⁽¹⁾	152,031,932	13,228,074	165,260,006	98,288,700	16,261,039	114,549,739

⁽¹⁾ Total loans to customers refer to note 14.1

	Consolidated 2019			Bank only 2019		
	Domestic	Foreign (in thousand Baht)	Total	Domestic	Foreign (in thousand Baht)	Total
Baht	126,239,604	27,312	126,266,916	83,911,040	27,312	83,938,352
US Dollar	9,390,659	11,680,616	21,071,275	6,273,958	14,826,877	21,100,835
Renminbi	2,800	1,970,008	1,972,808	2,800	1,970,008	1,972,808
Euro	541	5,662,876	5,663,417	541	5,662,876	5,663,417
Hong Kong Dollar	-	839,193	839,193	-	839,193	839,193
Total ⁽¹⁾	135,633,604	20,180,005	155,813,609	90,188,339	23,326,266	113,514,605

⁽¹⁾ Total loans to customers, net of deferred revenue.

14.3 Classified by stages

The Group has classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BoT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

	Consolidated		Bank only	
	31 December 2020	1 January 2020	31 December 2020	1 January 2020
	<i>(in thousand Baht)</i>			
Loans to customers and accrued interest receivables ⁽¹⁾				
Stage 1	155,779,681	150,171,677	110,636,200	113,350,501
Stage 2 ⁽²⁾	8,255,517	4,971,967	3,438,411	244,620
Stage 3	1,518,303	1,008,044	825,197	258,421
Total	165,553,501	156,151,688	114,899,808	113,853,542

⁽¹⁾ Total loans to customers and accrued interest receivable refer to note 14.1

⁽²⁾ The amount includes additional allowance for expected credit loss of Baht 200 million recorded at the financial statements of ICBC (Thai) Leasing Company Limited, the direct subsidiary of the Bank, to account for expected losses arising from hire purchase receivables of Sky High LI Leasing Designated Activity Company Limited, the indirect subsidiary of the Bank.

As of 31 December 2020, the Group has hire purchase contract to a corporate customer which operates in the infrastructure and services industry relating to transportation industry and its business is under rehabilitation process amounting to Baht 3,053 million. The Group provides assistance to such businesses in accordance with the measures of the Bank of Thailand. The customer has an aircraft which is a leased asset as a collateral under hire purchase contract. Moreover, the Group records the allowance for expected credit loss of Baht 609 million, in order to reflect credit risk of the customer according to current situation in Stage 2. The Group is closely monitoring on those customer's performance.

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	Consolidated						
	2019						
	Loans to	The Bank			Subsidiaries		Total
	customers and	Net amount	Rate used		Net amount		
	accrued interest	used to set	for allowance	Allowance	used to set	Allowance	
	receivables	the allowance	for doubtful	for doubtful	the allowance	for doubtful	
	less deferred	for doubtful	for doubtful	for doubtful	for doubtful	for doubtful	
	revenue	accounts ⁽¹⁾	accounts	accounts	accounts	accounts	
	(in thousand Baht)		(%)		(in thousand Baht)		
Minimum allowance as per							
BoT's Regulations							
Pass	150,171,678	72,403,193	1	724,032	40,475,345	418,947	1,142,979
Special Mention	4,971,966	106,637	2	2,133	4,605,956	1,056,738	1,058,871
Substandard	561,102	11,686	100	11,686	515,226	180,363	192,049
Doubtful	364,412	42	100	42	234,397	82,157	82,199
Doubtful of Loss	82,548	370	100	370	-	-	370
							2,476,468
Excess allowance ⁽²⁾							4,590,643
Total	156,151,706	72,521,928		738,263	45,830,924	1,738,205	7,067,111

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

⁽²⁾ The amount includes additional allowance for doubtful accounts from experiences of Baht 258 million recorded at the financial statements of ICBC (Thai) Leasing Company Limited, the direct subsidiary of the Bank, to account for expected losses arising from hire purchase receivables of Sky High LI Leasing Designated Activity Company Limited, the indirect subsidiary of the Bank.

	Bank only			
	2019			
	Loans to customers and accrued interest receivables less deferred revenue <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	113,350,502	72,403,193	1	724,032
Special Mention	244,619	106,637	2	2,133
Substandard	45,876	11,686	100	11,686
Doubtful	130,015	42	100	42
Doubtful of Loss	82,548	370	100	370
				738,263
Excess allowance				2,530,028
Total	113,853,560	72,521,928		3,268,291

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

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14.4 Classified by business types and stages

	Consolidated 2020			Total
	Stage 1 (Performing)	Stage 2 (Under-performing) (in thousand Baht)	Stage 3 (Non-performing)	
Agriculture and mining	1,583,963	1,260	-	1,585,223
Manufacturing and commerce	57,581,383	253,914	26,228	57,861,525
Property development and construction	14,603,309	47,448	83,893	14,734,650
Infrastructure and services	36,222,008	3,091,923	704,076	40,018,007
Housing loans	13,854	1,485	521	15,860
Others ⁽¹⁾	45,496,030	4,854,647	694,064	51,044,741
Total ⁽²⁾	155,500,547	8,250,677	1,508,782	165,260,006

⁽¹⁾ Others predominantly consist of hire purchase and finance lease of subsidiaries.

⁽²⁾ Total loans to customers refer to note 14.1

	Consolidated 2019					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	1,835,837	1,293	-	-	-	1,837,130
Manufacturing and commerce	60,912,519	183,941	-	7,709	20,000	61,124,169
Property development and construction	18,650,756	33,890	43,207	16,961	42,242	18,787,056
Infrastructure and services	31,993,937	21,242	-	105,293	20,246	32,140,718
Housing loans	14,250	2,189	586	-	-	17,025
Others ⁽¹⁾	36,427,507	4,728,318	517,187	234,439	60	41,907,511
Total ⁽²⁾	149,834,806	4,970,873	560,980	364,402	82,548	155,813,609

⁽¹⁾ Others predominantly consist of hire purchase and finance lease of subsidiaries.

⁽²⁾ Total loans to customers, net of deferred revenue.

	Bank only 2020			Total
	Stage 1 (Performing)	Stage 2 (Under-performing) (in thousand Baht)	Stage 3 (Non-performing)	
Agriculture and mining	1,583,963	1,260	-	1,585,223
Manufacturing and commerce	57,574,220	3,286,879	26,228	60,887,327
Property development and construction	14,603,309	47,448	83,893	14,734,650
Infrastructure and services	36,222,008	39,175	704,076	36,965,259
Housing loans	13,854	1,485	521	15,860
Others	359,583	878	959	361,420
Total ⁽¹⁾	110,356,937	3,377,125	815,677	114,549,739

⁽¹⁾ Total loans to customers refer to note 14.1.

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	Bank only 2019					
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	Total
Agriculture and mining	1,835,837	1,293	-	-	-	1,837,130
Manufacturing and commerce	63,221,653	183,941	-	7,709	20,000	63,433,303
Property development and construction	18,650,756	33,890	43,207	16,961	42,242	18,787,056
Infrastructure and services	28,877,236	21,242	-	105,293	20,246	29,024,017
Housing loans	14,250	2,189	586	-	-	17,025
Others	413,040	971	1,961	42	60	416,074
Total ⁽¹⁾	113,012,772	243,526	45,754	130,005	82,548	113,514,605

⁽¹⁾ Total loans to customers, net of deferred revenue.

14.5 Non-performing loans

As at 31 December 2020 and 2019, the Bank used the guidelines specified in the BoT's Notification Number Sor Nor Sor 23/2561, directive dated 31 October 2018 and loans classified as non-performing under TFRS 9 in determining non-performing loans under the BoT's guideline. The amounts are as follows:

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Non-performing loans (net of allowance for expected credit loss (2019: net of allowance for doubtful accounts))	1,271,431	627,964	809,616	140,916
% of Non-performing loans to total loans (net of allowance for expected credit loss (2019: net of allowance for doubtful accounts)) ⁽¹⁾	0.66	0.35	0.57	0.10
Non-performing loans (before deducting allowance for expected credit loss (2019: before deducting allowance for doubtful accounts))	1,508,782	1,007,930	815,677	258,307
% of Non-performing loans to total loans (before deducting allowance for expected credit loss (2019: before deduction allowance for doubtful accounts)) ⁽¹⁾	0.78	0.56	0.57	0.19

⁽¹⁾ The denominator includes interbank and money market items.

During the year 2020, there was no agreement to sell or transfer any non-performing loans.

During the year 2019, the Bank reached an agreement to sell and transfer a number of non-performing loans to two Asset Management Companies. The process was completed in June 2019, with a total amount of Baht 237.34 million. The Bank recognised a loss of Baht 4.08 million in (losses) gains on disposals of non-performing loans.

14.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2019 are as follows:

	Consolidated 2019	Bank only 2019
	<i>(in thousand Baht)</i>	
Loans where recognition of income has been suspended (principal only)	964,136	214,513
% of loans where recognition of income has been suspended ⁽¹⁾	0.54	0.16

⁽¹⁾ The denominator includes interbank and money market items.

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14.7 Loans to subsidiaries

Company's name	Types of loans	Maturity	Interest rate		Amounts principal outstanding	
			2020	2019	2020	2019
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	1.71	2.175	199	439
	Term loan	2021-2022	1.35-1.65	-	1,500	-
Sky High LI Leasing Designated Activity Company Limited	Term loan	2027	3-month LIBOR+ 1.70	3-month LIBOR+ 1.70	3,033	3,146
Total					4,732	3,585
Less allowance for expected credit loss <i>(2019: allowance for doubtful accounts)</i>					(625)	(36)
Net					4,107	3,549

14.8 Modified loans to customers

During the year ended 31 December 2020, the Group has loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

	Consolidated 2020	Bank only 2020
	<i>(in million Baht)</i>	
Loans to customers modified during the year ⁽¹⁾		
Amortised cost before modification	42	42
Net modification loss	1	1

⁽¹⁾ This excluded loans to customers modified under relief program as mentioned in note 46. There is no modification gain (loss) on these groups of customers.

	Consolidated 2020	Bank only 2020
	<i>(in million Baht)</i>	
Loans to customers modified since initial recognition		
Gross carrying amount of loans to customers previously modified for which loss allowance has changed during the year to an amount equal to 12-month ECL from lifetime	-	-

During the year ended 31 December 2019, there were no troubled debt restructurings both on the Group and the Bank level.

Additional information relating to restructuring debtors for the year ended 31 December 2019:

	Consolidated 2019	Bank Only 2019
	<i>(in million Baht)</i>	
Interest income recognised in profit or loss	67	10
Cash collection from debtors		
- Principal	28	13
- Interest	4	4

As at 31 December 2020 and 2019, the Group has no commitment to additionally lend to its debtors after debt restructuring.

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14.9 Revaluation of allowance for debt restructuring

	Consolidated 2019	Bank only 2019
	<i>(in thousand Baht)</i>	
Beginning balance	24,526	4,165
Increase	-	-
Reversal	(9,258)	(1,911)
Amortisation to interest income	(15,250)	(2,236)
Ending balance	18	18

15 Allowance for expected credit loss

Movements of allowance for expected credit losses for the year ended 31 December 2020 are as follows:

	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
	<i>(in thousand Baht)</i>			
Interbank and money market items				
As at 1 January 2020	121,963	-	-	121,963
Changes from remeasurement of ECL	(21,786)	-	-	(21,786)
Purchased or acquired	6,044	-	-	6,044
Derecognition	(5,220)	-	-	(5,220)
As at 31 December 2020	101,001	-	-	101,001
Investments in debt instruments				
As at 1 January 2020	38,430	1,806	-	40,236
Changes from stage reclassification	881	(881)	-	-
Changes from remeasurement of ECL	(6,045)	-	-	(6,045)
Purchased or acquired	6,671	-	-	6,671
Derecognition	(6,163)	(925)	-	(7,088)
As at 31 December 2020	33,774	-	-	33,774
Loans to customers				
As at 1 January 2020	4,031,939	2,037,337	346,496	6,415,772
Changes from stage reclassification	(372,249)	166,247	206,002	-
Changes from remeasurement of ECL	(457,075)	445,637	883,571	872,133
Originated	671,459	94,935	27,966	794,360
Derecognition	(316,403)	(74,870)	(130,866)	(522,139)
Write-off	-	-	(1,095,818)	(1,095,818)
As at 31 December 2020	3,557,671	2,669,286	237,351	6,464,308
Loan commitments and financial guarantee contracts				
As at 1 January 2020	568,500	874	63	569,437
Changes from stage reclassification	288	(288)	-	-
Changes from remeasurement of ECL	(313,331)	1,165	1	(312,165)
New loan commitments and financial guarantee contracts issued	45,572	4,335	-	49,907
Derecognition	(13,373)	(45)	(42)	(13,460)
As at 31 December 2020	287,656	6,041	22	293,719

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	Stage 1 (Performing)	Bank only		Total
		Stage 2 (Under- performing)	Stage 3 (Non- performing)	
		<i>(in thousand Baht)</i>		
Interbank and money market items				
As at 1 January 2020	121,963	-	-	121,963
Changes from remeasurement of ECL	(21,786)	-	-	(21,786)
Purchased or acquired	6,044	-	-	6,044
Derecognition	(5,220)	-	-	(5,220)
As at 31 December 2020	101,001	-	-	101,001
Investments in debt instruments				
As at 1 January 2020	38,430	1,806	-	40,236
Changes from stage reclassification	881	(881)	-	-
Changes from remeasurement of ECL	(6,045)	-	-	(6,045)
Purchased or acquired	6,671	-	-	6,671
Derecognition	(6,163)	(925)	-	(7,088)
As at 31 December 2020	33,774	-	-	33,774
Loans to customers				
As at 1 January 2020	2,525,333	18,395	73,224	2,616,952
Changes from stage reclassification	(187,589)	49,091	138,498	-
Changes from remeasurement of ECL	(263,697)	588,713	488,674	813,690
Originated	381,711	8,415	15	390,141
Derecognition	(138,709)	(4,220)	(41,973)	(184,902)
Write-off	-	-	(652,377)	(652,377)
As at 31 December 2020	2,317,049	660,394	6,061	2,983,504
Loan commitments and financial guarantee contracts				
As at 1 January 2020	568,500	874	63	569,437
Changes from stage reclassification	288	(288)	-	-
Changes from remeasurement of ECL	(313,331)	1,165	1	(312,165)
New loan commitments and financial guarantee contracts issued	45,572	4,335	-	49,907
Derecognition	(13,373)	(45)	(42)	(13,460)
As at 31 December 2020	287,656	6,041	22	293,719

Movements of allowance for bad debt and doubtful accounts for the year ended 31 December 2019 are as follows:

	Consolidated						
	2019						
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	1,063,183	1,097,141	439,576	186,134	-	5,274,670	8,060,704
Bad debt and doubtful accounts	82,904	(38,270)	(247,527)	(103,935)	1,085,185	(684,027)	94,330
Bad debt written off	-	-	-	-	(1,051,856)	-	(1,051,856)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-	(32,959)
Others	(3,108)	-	-	-	-	-	(3,108)
Ending balance	1,142,979	1,058,871	192,049	82,199	370	4,590,643	7,067,111

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2019							
	Pass	Special Mention	Sub- standard	Doubtful <i>(in thousand Baht)</i>	Doubtful of Loss	Allowance established in excess of BoT's minimum regulations	Total
Beginning balance	664,263	2,833	17,648	148,039	-	3,293,548	4,126,331
Bad debt and doubtful accounts	59,769	(700)	(5,962)	(147,997)	398,227	(763,520)	(460,183)
Bad debt written off	-	-	-	-	(364,898)	-	(364,898)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-	(32,959)
Ending balance	724,032	2,133	11,686	42	370	2,530,028	3,268,291

16 Hire purchase and finance lease receivables

As at 31 December 2020 and 2019, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, aircrafts, machinery and equipment for businesses. The average contract periods are 1 to 10 years (2019: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

Consolidated				
2020				
	Periods due for payments			Total
	Less than 1 year	1 - 5 years	Over 5 years	
	(in million Baht)			
Total of gross investments in the lease	13,960	38,757	7,667	60,384
Less deferred revenue ⁽¹⁾	(2,238)	(4,121)	(289)	(6,648)
Present value of the lease payments	11,722	34,636	7,378	53,736
Less allowance for expected credit loss				(3,446)
Hire purchase and finance lease receivables, net				50,290

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

Consolidated				
2019				
	Periods due for payments			Total
	Less than 1 year	1 - 5 years	Over 5 years	
	(in million Baht)			
Total of gross investments in the lease	12,482	33,327	4,948	50,757
Less deferred revenue ⁽¹⁾	(2,100)	(3,803)	(246)	(6,149)
Present value of the lease payments	10,382	29,524	4,702	44,608
Less allowance for doubtful accounts				(3,777)
Hire purchase and finance lease receivables, net				40,831

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

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17 Properties foreclosed, net

The majority of properties foreclosed are from auction bidding and settlement of debts by the restructured debtors.

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant buy-back rights or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements.

The details of properties foreclosed are as follows:

Consolidated					
2020					
Types of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	694,673	-	(33,190)	661,483 ⁽¹⁾	29,146
- Movable assets	84,661	726,544	(675,551)	135,654	-
Total	779,334	726,544	(708,741)	797,137	29,146
Assets from auction bidding					
- Immovable properties	129,410	-	(46,090)	83,320	-
- Movable assets	8,540	-	-	8,540	-
Total	137,950	-	(46,090)	91,860	-
Total properties foreclosed	917,284	726,544	(754,831)	888,997	29,146
<i>Less allowance for impairment</i>	<i>(651,076)</i>	<i>(264,201)</i>	<i>334,618</i>	<i>(580,659)</i>	<i>(29,146)</i>
Total properties foreclosed, net	266,208	462,343	(420,213)	308,338	-
Consolidated					
2019					
Types of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	709,673	-	(15,000)	694,673 ⁽¹⁾	29,146
- Movable assets	19,528	278,317	(213,184)	84,661	-
Total	729,201	278,317	(228,184)	779,334	29,146
Assets from auction bidding					
- Immovable properties	141,420	-	(12,010)	129,410	-
- Movable assets	8,540	-	-	8,540	-
Total	149,960	-	(12,010)	137,950	-
Total properties foreclosed	879,161	278,317	(240,194)	917,284	29,146
<i>Less allowance for impairment</i>	<i>(197,351)</i>	<i>(521,791)</i>	<i>68,066</i>	<i>(651,076)</i>	<i>(16,619)</i>
Total properties foreclosed, net	681,810	(243,474)	(172,128)	266,208	12,527

⁽¹⁾ As of 31 December 2020, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 490 million and Baht 172 million, respectively (2019: Baht 514 million and Baht 180 million, respectively).

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Bank only					
2020					
Types of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	694,673		(33,190)	661,483 ⁽¹⁾	29,146
Total	694,673		(33,190)	661,483	29,146
Assets from auction bidding					
- Immovable properties	129,410	-	(46,090)	83,320	-
- Movable assets	8,540		-	8,540	-
Total	137,950		(46,090)	91,860	-
Total properties foreclosed	832,623		(79,280)	753,343	29,146
<i>Less allowance for impairment</i>	<i>(598,911)</i>	<i>(14,257)</i>	<i>79,280</i>	<i>(533,888)</i>	<i>(29,146)</i>
Total properties foreclosed, net	233,712	(14,257)	-	219,455	-
Bank only					
2019					
Types of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	709,673		(15,000)	694,673 ¹	29,146
Total	709,673		(15,000)	694,673	29,146
Assets from auction bidding					
- Immovable properties	141,420	-	(12,010)	129,410	-
- Movable assets	8,540		-	8,540	-
Total	149,960		(12,010)	137,950	-
Total properties foreclosed	859,633		(27,010)	832,623	29,146
<i>Less allowance for impairment</i>	<i>(190,585)</i>	<i>(409,987)</i>	<i>1,661</i>	<i>(598,911)</i>	<i>(16,619)</i>
Total properties foreclosed, net	669,048	(409,987)	(25,349)	233,712	12,527

⁽¹⁾ As of 31 December 2020, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 490 million and Baht 172 million, respectively (2019: Baht 514 million and Baht 180 million, respectively).

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18 Premises and equipment, net

	Consolidated					
	Land	Buildings	Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Right- of-use assets	Total
Cost						
At 1 January 2019	8,500	6,892	600,374	92,432	-	708,198
Additions	-	-	42,934	16,439	-	59,373
Disposals/written-off	-	-	(43,814)	(17,271)	-	(61,085)
At 31 December 2019 and 1 January 2020	8,500	6,892	599,494	91,600	-	706,486
Initial recognition of right-of-use assets for adoption of TFRS 16						
Adjustments to 1 January 2020 ⁽¹⁾	-	-	-	-	454,797	454,797
Additions	-	-	60,058	-	38,656	98,714
Disposals/written-off	-	-	(3,134)	(3,598)	(5,961)	(12,693)
At 31 December 2020	8,500	6,892	656,418	88,002	487,492	1,247,304
Accumulated depreciation						
At 1 January 2019	-	(1,904)	(492,712)	(62,825)	-	(557,441)
Depreciation charge for the year	-	(203)	(31,396)	(6,695)	-	(38,294)
Disposals/written-off	-	-	43,738	17,271	-	61,009
At 31 December 2019 and 1 January 2020	-	(2,107)	(480,370)	(52,249)	-	(534,726)
Depreciation charge for the year	-	(203)	(40,060)	(14,773)	(103,303)	(158,339)
Disposals/written-off	-	-	1,717	3,598	5,961	11,276
At 31 December 2020	-	(2,310)	(518,713)	(63,424)	(97,342)	(681,789)
Net book value						
At 1 January 2019	8,500	4,988	107,662	29,607	-	150,757
At 31 December 2019 and 1 January 2020	8,500	4,785	119,124	39,351	454,797	626,557
At 31 December 2020	8,500	4,582	137,705	24,578	390,150	565,515

⁽¹⁾ The balance at 1 January includes the effect of initially applying TFRS 16 (Note 3)

As at 31 December 2020 and 2019, the Group had no motor vehicles under financial leases agreement.

The gross amount of the Group fully depreciated equipment that was still in use as at 31 December 2020 amounting to Baht 484 million (2019: Baht 418 million).

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	Bank only					
	Land	Buildings	Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Right-of-use assets	Total
Cost						
At 1 January 2019	8,500	6,892	492,032	69,865	-	577,289
Additions	-	-	13,902	13,410	-	27,312
Disposals/written-off	-	-	(42,244)	(15,837)	-	(58,081)
At 31 December 2019 and 1 January 2020	8,500	6,892	463,690	67,438	-	546,520
Initial recognition of right-of-use assets for adoption of TFRS 16						
Adjustments to 1 January 2020 ⁽¹⁾	-	-	-	-	378,180	378,180
Additions	-	-	41,873	-	30,264	72,137
Disposals/written-off	-	-	(1,540)	-	(5,961)	(7,501)
At 31 December 2020	8,500	6,892	504,023	67,438	402,483	989,336
Accumulated depreciation						
At 1 January 2019	-	(1,904)	(390,645)	(45,529)	-	(438,078)
Depreciation charge for the year	-	(203)	(27,778)	(6,621)	-	(34,602)
Disposals/written-off	-	-	42,172	15,837	-	58,009
At 31 December 2019 and 1 January 2020	-	(2,107)	(376,251)	(36,313)	-	(414,671)
Depreciation charge for the year	-	(203)	(28,517)	(8,900)	(69,793)	(107,413)
Disposals/written-off	-	-	123	-	5,961	6,084
At 31 December 2020	-	(2,310)	(404,645)	(45,213)	(63,832)	(516,000)
Net book value						
At 1 January 2019	8,500	4,988	101,387	24,336	-	139,211
At 31 December 2019 and 1 January 2020	8,500	4,785	87,439	31,125	378,180	510,029
At 31 December 2020	8,500	4,582	99,378	22,225	338,651	473,336

⁽¹⁾ The balance at 1 January includes the effect of initially applying TFRS 16 (Note 3)

As at 31 December 2020 and 2019, the Bank has no motor vehicles acquired under financial leases.

The gross amount of the Bank's fully depreciated equipment that was still in use as at 31 December 2020 amounting to Baht 334 million (2019: Baht 350 million).

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19 Intangible assets, net

	Consolidated			
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2019	399,164	840	26,750	426,754
Additions	2,399	2,303	-	4,702
Written-off	(1,181)	-	-	(1,181)
At 31 December 2019 and 1 January 2020	400,382	3,143	26,750	430,275
Additions	6,377	4,000	-	10,377
Transfer in (out)	2,423	(2,423)	-	-
Written-off	(308,316)	-	-	(308,316)
At 31 December 2020	100,866	4,720	26,750	132,336
Accumulated amortisation				
At 1 January 2019	(374,526)	-	(15,967)	(390,493)
Amortisation for the year	(5,218)	-	(2,673)	(7,891)
Written-off	1,181	-	-	1,181
At 31 December 2019 and 1 January 2020	(378,563)	-	(18,640)	(397,203)
Amortisation for the year	(4,759)	-	(2,681)	(7,440)
Written-off	308,316	-	-	308,316
At 31 December 2020	(75,006)	-	(21,321)	(96,327)
Net book value				
At 1 January 2019	24,638	840	10,783	36,261
At 31 December 2019 and 1 January 2020	21,819	3,143	8,110	33,072
At 31 December 2020	25,860	4,720	5,429	36,009
		Bank only		
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2019	356,712	-	26,750	383,462
Additions	1,236	-	-	1,236
Written-off	(489)	-	-	(489)
At 31 December 2019 and 1 January 2020	357,459	-	26,750	384,209
Additions	5,426	923	-	6,349
Transfer in (out)	923	(923)	-	-
Written-off	(308,316)	-	-	(308,316)
At 31 December 2020	55,492	-	26,750	82,242
Accumulated amortisation				
At 1 January 2019	(340,793)	-	(15,967)	(356,760)
Amortisation for the year	(2,456)	-	(2,673)	(5,129)
Written-off	489	-	-	489
At 31 December 2019 and 1 January 2020	(342,760)	-	(18,640)	(361,400)
Amortisation for the year	(3,099)	-	(2,681)	(5,780)
Written-off	308,316	-	-	308,316
At 31 December 2020	(37,543)	-	(21,321)	(58,864)
Net book value				
At 1 January 2019	15,919	-	10,783	26,702
At 31 December 2019 and 1 January 2020	14,699	-	8,110	22,809
At 31 December 2020	17,949	-	5,429	23,378

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20 Income tax

Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2020	2019
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,850,717	1,889,763
Deferred tax liabilities	(926,271)	(730,820)
Net	924,446	1,158,943

	Bank only	
	2020	2019
	<i>(in thousand Baht)</i>	
Deferred tax assets	562,005	525,062
Deferred tax liabilities	(208,323)	(88,327)
Net	353,682	436,735

Movements in total deferred tax assets and liabilities during the years ended 31 December 2020 and 2019 were as follows:

	At 1 January 2020 ⁽¹⁾	Consolidated (Charged) / Credited to:			At 31 December 2020
		Profit or loss	Other comprehensive income <i>(in thousand Baht)</i>	Exchange differences	
<i>Deferred tax assets</i>					
Interbank and money market items	88	19	-	-	107
Derivative assets	134,511	(2,911)	-	-	131,600
Investments	15,870	(3,180)	-	-	12,690
Loans to customers and accrued interest receivables	479,585	45,625	-	-	525,210
Allowance for expected credit loss	398,511	(112,903)	-	-	285,608
Properties foreclosed	130,215	(14,083)	-	-	116,132
Other assets	535,418	69,756	-	-	605,174
Provisions	169,916	(43,855)	6,764	-	132,825
Other liabilities	41,628	(1,214)	-	34	40,448
Loss carry forward	1,226	(1,212)	-	50	64
Others	-	-	859	-	859
Total	1,906,968	(63,958)	7,623	84	1,850,717
<i>Deferred tax liabilities</i>					
Investments	(186,325)	(52,361)	30,363	-	(208,323)
Loans to customers and accrued interest receivables	(638,723)	(74,073)	-	-	(712,796)
Deferred direct costs of debentures	(3,414)	(1,738)	-	-	(5,152)
Total	(828,462)	(128,172)	30,363	-	(926,271)
Net	1,078,506	(192,130)	37,986	84	924,446

⁽¹⁾ The balance at 1 January 2020 includes the effect of initially applying TFRS 9 Financial instruments and TFRS 16 Lease (Note 3)

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	At 1 January 2019	Consolidated (Charged) / Credited to:		At 31 December 2019
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Investments	18,066	7,822	(18,065)	7,823
Loans to customers and accrued interest receivables	523,042	(43,457)	-	479,585
Allowance for doubtful accounts	713,328	(80,333)	-	632,995
Properties foreclosed	39,470	90,745	-	130,215
Other assets	413,198	122,220	-	535,418
Provisions	49,108	11,765	-	60,873
Other liabilities	31,620	10,008	-	41,628
Loss carry forward	-	1,226	-	1,226
Total	1,787,832	119,996	(18,065)	1,889,763
Deferred tax liabilities				
Investments	(44,460)	-	(39,368)	(83,828)
Investments in an associate	(26,368)	26,673	(305)	-
Loans to customers and accrued interest receivables	(631,728)	(6,995)	-	(638,723)
Deferred direct costs of debentures	(3,137)	(277)	-	(3,414)
Provisions	(4,775)	-	(80)	(4,855)
Total	(710,468)	19,401	(39,753)	(730,820)
Net	1,077,364	139,397	(57,818)	1,158,943
	At 1 January 2020 ⁽¹⁾	Bank only (Charged) / Credited to:		At 31 December 2020
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Interbank and money market items	88	19	-	107
Derivative assets	134,511	(2,911)	-	131,600
Investments	15,870	(3,180)	-	12,690
Loans to customers and accrued interest receivables	15,911	(304)	-	15,607
Allowance for expected credit loss	95,117	75,488	-	170,605
Properties foreclosed	119,782	(13,004)	-	106,778
Other assets	438	7	-	445
Provisions	159,274	(46,096)	6,764	119,942
Other liabilities	1,632	1,740	-	3,372
Others	-	-	859	859
Total	542,623	11,759	7,623	562,005
Deferred tax liabilities				
Investments	(186,325)	(52,361)	30,363	(208,323)
Total	(186,325)	(52,361)	30,363	(208,323)
Net	356,298	(40,602)	37,986	353,682

⁽¹⁾ The balance at 1 January 2020 includes the effect of initially applying TFRS 9 Financial instruments and TFRS 16 Lease (Note 3)

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	At 1 January 2019	Bank only (Charged) / Credited to:		At 31 December 2019
		Profit or loss (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Investments	18,066	7,822	(18,065)	7,823
Loans to customers and accrued interest receivables	16,348	(437)	-	15,911
Allowance for doubtful accounts	426,200	(96,600)	-	329,600
Properties foreclosed	38,117	81,665	-	119,782
Other assets	488	(50)	-	438
Provisions	39,411	10,465	-	49,876
Other liabilities	1,196	436	-	1,632
Total	539,826	3,301	(18,065)	525,062
Deferred tax liabilities				
Investments	(44,460)	-	(39,368)	(83,828)
Provisions	(2,838)	-	(1,661)	(4,499)
Total	(47,298)	-	(41,029)	(88,327)
Net	492,528	3,301	(59,094)	436,735

Income tax recognised in profit or loss

	Consolidated		Bank only	
	2020	2019	2020	2019
	(in thousand Baht)			
Current tax expense				
Current year	354,838	615,285	206,153	421,441
Under (over) provided in prior years	44,427	(1,257)	156	772
	399,265	614,028	206,309	422,213
Deferred tax expense				
Movements in temporary differences	192,130	(139,397)	40,602	(3,301)
	192,130	(139,397)	40,602	(3,301)
Total income tax expense	591,395	474,631	246,911	418,912

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2020 Tax expense	Net of tax	Before tax	2019 Tax income	Net of tax
	(in thousand Baht)					
Other comprehensive income						
- Investment in equity instruments measured at FVOCI	(4,369)	873	(3,496)	-	-	-
- Investment in debt instruments measured at FVOCI	(36,906)	29,490	(7,416)	-	-	-
- Cash flow hedge reserve	(4,293)	859	(3,434)	-	-	-
- Available-for-sale investments	-	-	-	287,164	(57,433)	229,731
- Actuarial (losses) gains on defined benefit plan	(11,169)	6,764	(4,405)	398	(80)	318
- Share of other comprehensive income (expense) from investment in an associate	-	-	-	3,042	(305)	2,737
- Exchange differences on translating foreign operations	11,979	-	11,979	(318)	-	(318)
Total	(44,758)	37,986	(6,772)	290,286	(57,818)	232,468

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	Bank only					
	Before tax	2020 Tax expense	Net of tax (in thousand Baht)	Before tax	2019 Tax income	Net of tax
Other comprehensive income						
- Investment in equity instruments measured at FVOCI	(4,369)	873	(3,496)	-	-	-
- Investment in debt instruments measured at FVOCI	(36,906)	29,490	(7,416)	-	-	-
- Cash flow hedge reserve	(4,293)	859	(3,434)	-	-	-
- Available-for-sale investments	-	-	-	287,164	(57,433)	229,731
- Actuarial (losses) gains on defined benefit plan	(11,169)	6,764	(4,405)	8,305	(1,661)	6,644
Total	(56,737)	37,986	(18,751)	295,469	(59,094)	236,375

Reconciliation of effective tax rate

	Consolidated			
	2020		2019	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before income tax expense		2,976,566		2,619,624
Income tax using the Thai corporation tax rate	20	595,313	20	523,925
Non – taxable income		(75,886)		-
Expense not deductible for tax purpose		774		81,027
Additional deductible expense for tax purposes ⁽²⁾		(55,692)		(91,865)
Under (over) provided in prior year		44,427		(1,257)
Income tax of the indirect subsidiary that is not taxable		82,459		(10,526)
Deferred tax expense recognized during the year from prior years temporary difference that was recognized as deferred tax assets		-		(26,673)
Total	20 ⁽¹⁾	591,395	18 ⁽¹⁾	474,631

⁽¹⁾ Effective tax rate

⁽²⁾ Additional deductible expense for tax purposes of subsidiary company are complied with Royal Decree No.604 B.E. 2559 and Royal Decree No.642 B.E. 2560.

	Bank only			
	2020		2019	
	Rate		Rate	
	(%)	(in thousand Baht)	(%)	(in thousand Baht)
Profit before income tax expense		1,613,205		1,983,361
Income tax using the Thai corporation tax rate	20	322,641	20	396,672
Non-taxable income		(75,886)		-
Expense not deductible for tax purpose		-		21,468
Under provided in prior year		156		772
Total	15 ⁽¹⁾	246,911	21 ⁽¹⁾	418,912

⁽¹⁾ Effective tax rate

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21 Other assets, net

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Prepaid expenses	22,883	15,311	16,126	11,662
Deposit	22,861	21,574	13,272	12,536
Advance payment	966	1,356	934	1,343
Others	4,198	4,101	3,208	3,057
Total	50,908	42,342	33,540	28,598

22 Deposits

22.1 Classified by types of deposits

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Demand	11,654,945	11,592,866	11,655,276	11,593,326
Savings	18,697,677	11,414,703	18,704,232	11,417,080
Fixed				
- Less than 6 months	34,825,125	37,787,235	34,825,125	37,787,235
- 6 months and less than 1 year	59,005,877	32,241,470	59,005,877	32,241,470
- Over 1 year	22,862,832	36,783,971	22,862,832	36,783,971
Total	147,046,456	129,820,245	147,053,342	129,823,082

22.2 Classified by currencies and residences of depositors

		Consolidated			
		2020		2019	
	Domestic	Foreign	Total	Domestic	Foreign
	<i>(in thousand Baht)</i>				
Baht	137,557,214	3,554,707	141,111,921	123,266,905	3,154,012
US Dollar	3,056,963	402,569	3,459,532	1,376,918	301,878
Renminbi	1,673,767	547,151	2,220,918	1,157,038	463,761
Other currencies	251,470	2,615	254,085	98,176	1,557
Total	142,539,414	4,507,042	147,046,456	125,899,037	3,921,208

		Bank only			
		2020		2019	
	Domestic	Foreign	Total	Domestic	Foreign
	<i>(in thousand Baht)</i>				
Baht	137,564,100	3,554,707	141,118,807	123,269,742	3,154,012
US Dollar	3,056,963	402,569	3,459,532	1,376,918	301,878
Renminbi	1,673,767	547,151	2,220,918	1,157,038	463,761
Other currencies	251,470	2,615	254,085	98,176	1,557
Total	142,546,300	4,507,042	147,053,342	125,901,874	3,921,208

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23 Interbank and money market items (Liabilities)

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Domestic items				
Bank of Thailand	379,500	-	379,500	-
Commercial Banks	1,905,732	1,232,320	405,732	232,320
Specialised financial institutions	321,392	368,414	321,392	368,414
Other financial institutions	1,220,103	1,870,766	1,220,103	1,870,766
Total domestic items	3,826,727	3,471,500	2,326,727	2,471,500
Foreign items				
US Dollar	12,014,840	25,404,745	12,014,840	25,404,745
Renminbi	2,947,826	143,145	2,947,826	143,145
Euro	19,892,687	18,195,979	19,892,687	18,195,979
JPY	-	1,214,134	-	1,214,134
Thai Baht	270,748	338,347	270,748	338,347
Total foreign items	35,126,101	45,296,350	35,126,101	45,296,350
Total domestic and foreign items	38,952,828	48,767,850	37,452,828	47,767,850

24 Debt issued and borrowings

As at 31 December 2020 and 2019, debt issued and borrowings, which were denominated entirely in Thai Baht, consist of the following:

Consolidated						
	2020			2019		
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	<i>(in thousand Baht)</i>		(%)	<i>(in thousand Baht)</i>
Unsecured debentures	2021 – 2026	0.79 – 2.74	39,562,204	2020 – 2026	1.36 – 2.74	32,260,677
Subordinated debentures ⁽¹⁾	2028	3.50	4,988,733	2028	3.50	4,987,272
Total			44,550,937			37,247,949

⁽¹⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

Bank only						
	2020			2019		
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	<i>(in thousand Baht)</i>		(%)	<i>(in thousand Baht)</i>
Subordinated debentures ⁽¹⁾	2028	3.50	4,988,733	2028	3.50	4,987,272
Total			4,988,733			4,987,272

⁽¹⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

Subordinated debentures

On 23 March 2018, the Bank issued the Subordinated Debenture No.1/2561 to be counted as Tier 2 capital under Based III requirement, amounting to Baht 5,000 million, with a 10 years and 6 months maturity period and carrying a fixed interest rate of 3.50% per annum, payable quarterly. The Bank can early redeem the Subordinated Debenture No.1/2561 after 5 years from the issue date or according to certain specified conditions. The Bank has the right for early redemption and the ability to write-off (fully or partially) when the authorities decide to give financial assistance to the Bank or under agreed condition. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

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Sensitivity analysis

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

<i>Effect to the defined benefit obligation</i>	Consolidated			
	1% increase in assumption 2020	2019	1% decrease in assumption 2020	2019
	<i>(in million Baht)</i>			
Discount rate	(21.35)	(16.55)	22.18	18.53
Future salary growth	22.55	20.07	(20.57)	(18.32)
Employee turnover	(22.69)	(17.78)	12.18	9.37
Future mortality	0.81	0.65	(0.81)	(0.65)

<i>Effect to the defined benefit obligation</i>	Bank only			
	1% increase in assumption 2020	2019	1% decrease in assumption 2020	2019
	<i>(in million Baht)</i>			
Discount rate	(17.07)	(12.99)	17.28	14.46
Future salary growth	17.96	16.26	(16.46)	(14.91)
Employee turnover	(18.05)	(13.89)	9.21	6.88
Future mortality	0.64	0.50	(0.64)	(0.50)

26 Other liabilities

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other payables	760,741	538,691	321,569	276,343
Advance received from finance lease	149,917	178,749	-	-
Advance received from electronic payment ⁽¹⁾	150,179	213,812	150,179	213,812
Accrued expenses	522,004	639,504	433,597	552,362
Withholding tax payable	33,773	30,995	28,928	25,849
Special business tax payable	27,219	28,323	27,219	28,323
Corporate income tax payable	223,729	241,764	184,330	186,412
Others	120,244	147,963	46,920	76,884
Total	1,987,806	2,019,801	1,192,742	1,359,985

⁽¹⁾ According to the BoT Notification number Sor Nor Chor 8/2561 dated 16 April 2018, regarding “Regulations on Service Business relating to Electronic Fund Transfer (EFT)”

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27 Offsetting of financial assets and financial liabilities

Consolidated and Bank only					
2020					
	Gross amount	Amount offset in statement of financial position	Amount presented in statement of financial position (in million Baht)	Amounts not offset in financial statements – amount eligible for offsetting per contracts	Net amount
Financial assets					
Reverse sale-and-repurchase	19,410	-	19,410	(19,410)	-
Derivative assets	754	-	754	(339)	415
Total	20,164	-	20,164	(19,749)	415
Financial liabilities					
Sale-and-repurchase	2,028	-	2,028	(2,028)	-
Derivative liabilities	601	-	601	(191)	410
Total	2,629	-	2,629	(2,219)	410

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position is as follow:

Consolidated					
2020					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
Financial assets					
Reverse sale-and-repurchase	19,410	Interbank and money market items	9	31,650	12,240
Derivative assets	754	Derivative assets	10	1,348	594
Total	20,164			32,998	12,834
Financial liabilities					
Sale-and-repurchase	2,028	Interbank and money market items	23	38,953	36,925
Derivative liabilities	601	Derivative liabilities	10	1,562	961
Total	2,629			40,515	37,886

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Bank only					
2020					
Type of financial instruments	Amount presented in statement of financial position (in million Baht)	Items in statement of financial position	Note	Carrying amount in statement of financial position (in million Baht)	Carrying amount in statement of financial position that are not qualify for offsetting
Financial assets					
Reverse sale-and-repurchase	19,410	Interbank and money market items	9	31,409	11,999
Derivative assets	754	Derivative assets	10	1,348	594
Total	20,164			32,757	12,593
Financial liabilities					
Sale-and-repurchase	2,028	Interbank and money market items	23	37,453	35,425
Derivative liabilities	601	Derivative liabilities	10	1,562	961
Total	2,629			39,015	36,386

For derivative, the rights to call are agreed between both parties with specific call frequency and threshold. The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements: amortised cost.

28 Share capital

		Consolidated and Bank only			
	Par Value	2020		2019	
	(in Baht)	Number	Amount	Number	Amount
			(thousand shares/thousand Baht)		
<i>Authorised</i>					
At the end of the year					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	<u>2,256,510</u>	<u>20,128,070</u>	<u>2,256,510</u>	<u>20,128,070</u>
<i>Issued and paid-up</i>					
At the beginning of the year					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	<u>2,256,510</u>	<u>20,128,070</u>	<u>2,256,510</u>	<u>20,128,070</u>
At the end of the year					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares.

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If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preference shares have a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders have been the same as those of the ordinary shareholders since then.

Holders of both classes of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. All Class A preference shares were already converted into ordinary shares before the year 2010 and the Class B preference shareholders are still entitled to convert the remaining Class B preference shares into ordinary shares.

The holders of ordinary shares and preference shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank. In respect of the Bank's shares that are held by the Bank ("Treasury shares" (*Note 29*)) all rights will be suspended until the Bank has sold the repurchased shares to other persons as stipulated in the Public Companies Act.

29 Treasury shares

The treasury shares account within equity comprises the cost of the Bank's own shares.

In March 2019, the Board of Directors of the Bank approved a treasury share buyback to repurchase its shares from minority shareholders who voted against the resolution of the Annual General Meeting of shareholders to amend the articles of association of the Bank relating to the dividend payment policy at the price of Baht 18.02 per share. The Bank purchased the shares during 11 to 30 May 2019 amounted to 2.80 million shares. The shares purchased may be resold after 6 months but not more than 3 years from the date of purchase (13 June 2019).

As at 31 December 2020, the Bank held treasury shares (which are preferred shares and ordinary shares) amounting to 2.80 million shares, comprising 0.12% of the Bank's issued and paid up share capital, at a total cost of Baht 50.49 million.

30 Reserves

Reserves comprises of:

Appropriations of profit and/or retained earnings

Legal reserve

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

On 29 April 2020, the Annual General Meeting of Shareholders No.27/2020 resolved to approve the appropriation of Baht 500 million to legal reserve from profit for the year 2019. The total legal reserve of the Bank is Baht 1,600 million.

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On 19 March 2021, the Board of Director Meeting No.1/2021 passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders for the appropriation of Baht 415 million to legal reserve from profit for the year 2020. The total legal reserve of the Bank is Baht 2,015 million.

Other components of equity

Fair value changes in investment measured at FVOCI

The fair value changes in investment measured at FVOCI comprises the cumulative net change in the fair value of investment until the investments are derecognised or impaired.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non financial asset or non financial liability.

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

31 Contingent liabilities and Commitments

31.1 Commitments

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	869	996	869	996
Letter of credit	697	287	697	287
Other contingencies				
- Overdraft undrawn committed line	1,155	1,210	1,185	1,240
- Other guarantees	25,689	39,158	25,689	39,158
- Others	5,944	4,310	5,944	4,310
Total	34,354	45,961	34,384	45,991

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31.2 Contingent liabilities from litigations

As of 31 December 2020 and 2019, there was no contingent liabilities in connection with court cases which the Group have been sued as a defendant in the Court.

32 Related parties

Relationship with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank
ICBC (Thai) Leasing Company Limited	Thailand	A direct subsidiary of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiary of the Bank
ICBC (Thai) Insurance Broker Company Limited	Thailand	An indirect subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associate of the Bank ⁽¹⁾
Apex Speed Holdings Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Macau) Limited	Macau	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China Limited - Guangdong	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Guangxi	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hebei	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hubei	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Henan	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Jiangsu	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shanghai (FTU)	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shenzhen	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Xiamen	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Sydney	Australia	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Frankfurt	Germany	The Branch of the ultimate parent company

⁽¹⁾ As at 31 December 2020, Finansia Syrus Securities Public Company Limited was no longer an associate of the Bank (Note 13)

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Tokyo	Japan	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Kuwait	Kuwait	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Laos	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Luxembourg	Luxembourg	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Singapore	Singapore	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	UAE	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - London	United Kingdom	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - New York	United States	The Branch of the ultimate parent company
Key management personnel	Thai/ Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest income	With reference to the terms and prices as offered to other customers
Interest expense	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Dividend income	As announced by the investee company
Fee income	With reference to the terms and prices as offered to other customers
Derivatives	Market price

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Significant transaction for the years ended 31 December 2020 and 2019 with related parties were as follows:

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Parent				
Interest income	9	5	9	5
Interest expense	587	1,160	587	1,160
Fee income	17	6	17	6
Fee expense	45	51	45	51
Related parties				
Interest income	14	36	14	36
Interest expense	-	15	-	15
Fee income	7	22	7	22
Associate				
Dividend income	-	-	-	8
Subsidiaries				
Interest income	-	-	113	169
Fee income	-	-	3	6
Related persons				
Interest expense	1	1	1	1
Key management personnel				
Key management personnel compensation				
- Short-term employee benefits	169	167	140	140
- Post-employment benefits	2	2	2	2

Directors and management's remuneration

The Bank's directors and executives from the Bank of Executive Vice President upwards do not receive benefits, either in monetary or non-monetary terms, other than the normal benefits such as monthly directors' remuneration, meeting allowances, salaries and bonuses, as the case may be. Directors who are executives of the Bank do not receive director's remuneration, in accordance with the Bank's policy, and the representative directors who are executives of Industrial and Commercial Bank of China Limited do not receive director's remuneration, in accordance with Industrial and Commercial Bank of China Limited's policies, except for those benefits granted in accordance with employment agreements such as housing allowances, medical expenses, life and accident insurance and home trip expenses, in accordance with the established criteria. Nevertheless, directors with permanent residence abroad can reimburse expenses of travelling and accommodation incurred in connection with the operation of the Bank's business, at the amount actually incurred.

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Significant balances with related parties were as follows:

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Interbank and money market items (assets)				
Parent	1,130	845	1,028	741
Other related parties	340	622	340	622
Derivative assets (fair value)				
Parent	157	59	157	59
Other related parties	361	110	361	110
Investments in subsidiaries and an associate				
Subsidiaries	-	-	4,250	4,250
Loans to customers and accrued interest receivables, net				
Subsidiaries	-	-	4,164	3,550
Key management personnel	1	1	1	1
Deposits				
Subsidiaries	-	-	7	3
Key management personnel	85	125	85	125
Interbank and money market items (liabilities)				
Parent	30,891	43,748	30,891	43,748
Other related parties	83	103	83	103
Derivative liabilities (fair value)				
Parent	714	213	714	213
Other related parties	213	13	213	13
Accrued interest payables				
Parent	90	385	90	385
Other related parties	-	7	-	7
Off-financial reporting items				
Other guarantees				
Parent	4,079	5,282	4,079	5,282
Subsidiaries	-	-	30	30
Other related parties	36	-	36	-
Forward exchange contracts-bought (notional amounts)				
Parent	4,566	4,282	4,566	4,282
Other related parties	6,928	3,257	6,928	3,257
Forward exchange and interest rate contracts (notional amounts)				
Parent	7,770	7,561	7,770	7,561
Other related parties	1,907	1,994	1,907	1,994
Interest rate swap contracts (notional amounts)				
Parent	7,337	6,489	7,337	6,489
Other related parties	4,594	3,406	4,594	3,406

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As at 31 December 2020, Industrial and Commercial Bank of China Limited - Hong Kong had a Standby L/C amounting to US Dollar 620 million (equivalent to Baht 18,623 million). (2019: Standby L/C and US Dollar fixed cash deposit amounting to US Dollar 491 million (equivalent to Baht 14,806 million) and US Dollar 450 million (equivalent to Baht 13,569 million), respectively). Both transactions are used as a collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis until the end of the contract.

33 Long-term lease agreements

The Group have entered into several lease agreements in respect of the equipment. Long-term lease agreements classified by the remaining rental expenses to be paid are as follows:

	Consolidated 2019 (in million Baht)	Bank only 2019
Within one year	100	63
Over one year but within five years	184	134
Over five years	109	109
Total	393	306

34 Segment information and disaggregation of revenue

The Group's business operations involve 2 principal segments: (1) Banking business which includes factoring business and (2) Hire purchase, finance lease, factoring business that form the basis of how information is presented to the Chief Operating Decision Maker. Respective business segments serve both corporate and retail customers; however, retail represents an insignificant portion of the total at the Bank level. These operations are carried mainly in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

Below is the financial information by segment of the Group:

	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total (in million Baht)	Elimination entries	Total
For the year ended 31 December 2020					
Net interest income	3,741	1,557	5,298	-	5,298
Net fees and service income	321	489	810	(3)	807
Net losses on financial instrument measured at FVTPL	(364)	-	(364)	-	(364)
Other operating income	285	275	560	-	560
Other operating expenses	(1,654)	(913)	(2,567)	3	(2,564)
Profit before expected credit loss	2,329	1,408	3,737	-	3,737
Expected credit loss	(717)	(44)	(761)	-	(761)
Profit from operation before income tax	1,612	1,364	2,976	-	2,976
Income tax	(247)	(344)	(591)	-	(591)
Profit for the year	1,365	1,020	2,385	-	2,385
Financial position as at 31 December 2020					
Total assets	225,355	54,020	279,375	(9,045)	270,330
Total liabilities	194,224	46,852	241,076	(4,795)	236,281

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	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total (in million Baht)	Elimination entries	Total
For the year ended 31 December 2019					
Net interest income	2,988	1,413	4,401	2	4,403
Net fees and service income	450	456	906	(6)	900
Losses on investment in an associate	(300)	-	(300)	-	(300)
Share of loss of investments in an associate	(8)	-	(8)	-	(8)
Other operating income	183	326	509	(8)	501
Other operating expenses	(2,028)	(745)	(2,773)	4	(2,769)
Profit before bad debt, doubtful accounts and impairment losses	1,285	1,450	2,735	(8)	2,727
Bad debt, doubtful accounts and impairment losses	439	(547)	(108)	-	(108)
Profit from operation before income tax	1,724	903	2,627	(8)	2,619
Income tax	(392)	(82)	(474)	-	(474)
Profit for the year	1,332	821	2,153	(8)	2,145
Financial position as at 31 December 2019					
Total assets	215,797	43,774	259,571	(7,840)	251,731
Total liabilities	185,684	37,636	223,320	(3,589)	219,731

35 The financial position and results of operations classified by domestic and foreign business

As at 31 December 2020 and 2019, the consolidated financial position classified by domestic and foreign business were as follows:

	2020				2019			
	Domestic business	Foreign Business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	Consolidated (in million Baht)							
Total assets	270,666	2,753	(3,089)	270,330	251,688	3,190	(3,147)	251,731
Interbank and money market items, net (Assets)	31,549	101	-	31,650	26,181	104	-	26,285
Investments, net ⁽¹⁾	73,953	-	-	73,953	72,119	-	-	72,119
Loans to customers and accrued interest receivables, net	159,534	2,644	(3,089)	159,089	149,153	3,079	(3,147)	149,085
Deposits	147,046	-	-	147,046	129,820	-	-	129,820
Interbank and money market items (Liabilities)	38,953	3,089	(3,089)	38,953	48,768	3,147	(3,147)	48,768
Debt issued and borrowings	44,551	-	-	44,551	37,248	-	-	37,248

⁽¹⁾ The amount excludes investments in subsidiaries and an associate, net

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The results of the consolidated operations classified by domestic and foreign business for the years ended 31 December 2020 and 2019 were as follows:

	Consolidated							
	2020			2019				
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	(in million Baht)							
Interest income	9,096	89	(90)	9,095	8,928	171	(154)	8,945
Interest expenses	(3,797)	(90)	90	(3,797)	(4,542)	(154)	154	(4,542)
Net interest income	5,299	(1)	-	5,298	4,386	17	-	4,403
Net fees and service income	807	-	-	807	899	1	-	900
Net losses on financial instrument at FVTPL	(364)	-	-	(364)	-	-	-	-
Losses on investments in an associate	-	-	-	-	(300)	-	-	(300)
Share of losses from investments in an associate	-	-	-	-	(8)	-	-	(8)
Other operating income	560	-	-	560	501	-	-	501
Other operating expenses	(2,564)	-	-	(2,564)	(2,769)	-	-	(2,769)
Expected credit loss	(377)	(384)	-	(761)	-	-	-	-
Bad debt, doubtful accounts and impairment losses	-	-	-	-	(113)	5	-	(108)
Profit from operations before income tax	3,361	(385)	-	2,976	2,596	23	-	2,619

The Bank does not present the Bank only financial position and results of operations classified by domestic and foreign business since the Bank is engaged only domestic business in Thailand.

36 Interest income

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Interbank and money market items	500,140	469,976	500,062	469,773
Investments in debt instruments	1,935,575	2,091,247	1,935,575	2,091,247
Loans to customers and factoring	4,340,924	4,180,563	4,373,942	4,273,226
Hire purchase and finance leases	2,315,153	2,197,875	63	-
Others	3,458	4,889	3,458	4,889
Total	9,095,250	8,944,550	6,813,100	6,839,135

37 Interest expenses

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Deposits	1,767,532	1,745,671	1,767,560	1,745,700
Interbank and money market items	794,546	1,394,761	771,218	1,389,755
Contributions to Deposit Protection Agency and Bank of Thailand	356,127	539,717	356,127	539,717
Debt issued - debentures	862,465	848,843	175,479	175,001
Debentures fee expense	16,264	13,013	1,764	1,710
Total	3,796,934	4,542,005	3,072,148	3,851,883

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38 Net fees and service income

	Consolidated		Bank only	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	294,947	396,269	294,947	398,649
Letter of credit fee	9,103	7,682	9,103	7,682
Hire purchase and finance leases	76,125	114,247	-	-
Life and non-life insurance	399,585	343,740	583	734
Others	128,938	154,881	115,997	156,266
Total fees and service income	908,698	1,016,819	420,630	563,331
Fees and service expense	(101,625)	(116,818)	(99,150)	(113,417)
Net fees and service income	807,073	900,001	321,480	449,914

39 Net losses on financial instruments measured at FVTPL

	Consolidated	Bank only
	2020	2020
	<i>(in thousand Baht)</i>	
Foreign currencies and foreign currency related derivatives	(366,301)	(366,161)
Gains on hedge accounting	1,832	1,832
Total	(364,469)	(364,329)

40 Net trading income

	Consolidated	Bank only
	2019	2019
	<i>(in thousand Baht)</i>	
<i>Gain on trading and foreign exchange transactions</i>		
Foreign currencies and foreign currency related derivatives	131,623	131,630
Total	131,623	131,630

41 Net gains (losses) on investments

Net gains (losses) on investments for the year ended 31 December 2020 were as follows:

	Consolidated and Bank only
	2020
	<i>(in thousand Baht)</i>
Net gains from derecognition	
- Investments measured at FVOCI	1,927
- Investments measured at AMC	7,658
Total	9,585

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Before 1 January 2020, losses on investments for the year ended 31 December 2019 were as follows:

	Consolidated 2019	Bank only 2019
	<i>(in thousand Baht)</i>	
(Losses) gains on disposal		
- Investment in available-for-sale securities	116	116
- Investment in held-to-maturity securities	352	352
- Investment in an associate	(299,832)	(48,602)
Losses on impairment of general investment	(44)	(44)
Net losses on investments	(299,408)	(48,178)

42 Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to directors who are executives of the Group) paid to the Group's directors in accordance with Section 90 of the Public Limited Companies Act.

43 Expected credit loss

Expected credit loss for the year ended 31 December 2020 were as follows:

	Consolidated 2020	Bank only 2020
	<i>(in thousand Baht)</i>	
Interbank and money market items	(20,961)	(20,961)
Investment in debt instruments measured at FVOCI	1,134	1,134
Investment in debt instruments measured at AMC	(7,596)	(7,596)
Loans to customers and accrued interest receivables	1,062,670	1,018,929
Loan commitments and financial guarantee contracts	(275,718)	(275,718)
Loss on modification	1,432	1,432
Total	760,961	717,220

44 Bad debt, doubtful accounts and impairment loss

	Consolidated 2019	Bank only 2019
	<i>(in thousand Baht)</i>	
Bad debts and doubtful accounts		
- Interbank and money market items	23,334	23,334
- Loans to customers	94,330	(460,183)
Loss on debt restructuring	(9,258)	(1,911)
Total	108,406	(438,760)

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45 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2020 and 2019 were based on the profit for the years attributable to shareholders of the Bank and the number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the years as follows:

<i>For the year ended 31 December</i>	Consolidated		Bank only	
	2020	2019	2020	2019
Profit for the year attributable to shareholders of the Bank (in million Baht)	<u>2,385</u>	<u>2,145</u>	<u>1,366</u>	<u>1,564</u>
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (in million shares)	2,257	2,257	2,257	2,257
Effect of ordinary shares and preference shares held by the Bank (in million shares)	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (in million shares)	<u>2,255</u>	<u>2,255</u>	<u>2,255</u>	<u>2,255</u>
Earnings per share (basic) (in Baht)	<u>1.06</u>	<u>0.95</u>	<u>0.61</u>	<u>0.69</u>

46 Impact of COVID-19 pandemic

As a result of the COVID - 19 having a widespread impact on all business sectors and customer segments across Thailand, BOT has issued BOT circular a series of measures which included BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 directive dated 28 February 2020, regarding “The relief programs for customers affected by Thai economic situations.”, BoT circular letter number Tor Por Tor For Nor Sor (01) Wor 380/2563 directive dated 26 March 2020, regarding to “The additional relief measures for the customers during COVID-19 pandemic situations, and BoT notification letter number Sor Kor Sor1. 3/2563 directive dated 22 April 2020, regarding to “Delaying debt payments for enterprises affected by COVID-19 pandemic” and other related notifications, covering payment moratoriums, government guarantees as well as a loan payment holiday that are intended to help affected borrowers and industries that are encountering short-term cash flow problems to resume repayment ability at the end. The Group provided the relief programs to existing customers approximately 13.81% (*Bank only : approximately 15.88%*) of portfolio, in various segments for loan payment holiday and approximately 0.21% (*Bank only: approximately 0.30%*) of portfolio were under soft loans programs.

In relation to financial reporting, the key impacts of COVID-19 are from the application of accounting relief for the customers under the relief programs and the application of forward-looking information under economic uncertainties in ECL measurements. The Group has applied accounting relief on the use of new effective interest rate (EIR) at the time contract are changed.

During the year ended 31 December 2020, management considered additional ECL provided as management overlay for future uncertain events including the impact of the COVID-19 based on available information for individual customers and portfolios, especially for the customers under relief programs.

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Moreover, the Group elected to apply TFAC's accounting guidance on temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19 which effective for financial statements ending on or before 31 December 2020 on the following:

(a) Lease modifications

The Group was granted rent concession as a result of the COVID-19 situation. The Group has monthly deducted lease liabilities in proportion to the reduced rental, reversed depreciation of ROU assets and interest on lease liabilities in proportion to the reduced rental, and recognised the differences to profit or loss in the consolidated and Bank only financial statements.

(b) Deferred tax assets

The Group elected to exclude the factor of COVID-19 situation in considering sufficiency of future taxable profits to review the amount of deferred tax assets as at 31 December 2020.

47 Event after the reporting period

Issuance of debentures of the direct subsidiary

During January 2021 to 19 March 2021, the ICBC (Thai) Leasing Company Limited ("the Direct subsidiary") issued 2 short-term debentures and 1 long-term debenture with total face value of Baht 2,300 and 1,500 million, respectively, offered to institutional investors carrying interest rate ranging from 0.50% to 0.60% and 0.66%, respectively, per annum with the maturity dates being the range of 31 days to 181 days and 1 year, respectively. Moreover, short-term debentures with face value of Baht 500 million had already been settled on their maturity dates in the period.