

*INDUSTRIAL AND COMMERCIAL BANK OF CHINA
(THAI) PUBLIC COMPANY LIMITED*

Financial Statements

Year ended December 31, 2021



บริษัท ดีลอยท์ ทูเช่ โตเกียว ไซยบศ
สอบบัญชี จำกัด
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2021, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries and of Industrial and Commercial Bank of China (Thai) Public Company Limited as at December 31, 2021, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and the Bank of Thailand’s regulations.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Matter

The consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited for the year ended December 31, 2020 (before reclassifications), presented herein as comparative information, were audited by other auditor, who expressed an unmodified opinion on those statements on March 19, 2021.

Other Information

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

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

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

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

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' 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 Bank and subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's 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 our 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 Bank's financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and Bank's 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 our 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 Bank and subsidiaries' 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 Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and Bank's financial statements, including the disclosures, and whether the consolidated and Bank's 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 the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

Y. Lertsurapibul

Yongyuth Lertsurapibul
Certified Public Accountant (Thailand)
Registration No. 6770

BANGKOK
March 29, 2022

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
ASSETS					
Cash		339,535	441,769	338,924	441,093
Interbank and money market items, net	8.3	64,219,082	31,650,250	63,769,260	31,409,135
Derivative assets	8.4	403,530	1,347,941	403,530	1,347,941
Investments, net	8.5	75,570,930	73,952,548	75,570,930	73,952,548
Investments in subsidiaries, net	8.6	-	-	4,250,000	4,250,000
Loans to customers and accrued interest receivables, net	8.7	158,743,828	159,089,193	107,455,045	111,916,304
Properties foreclosed, net	8.10	144,562	308,338	63,324	219,455
Premises and equipment, net	8.11	700,126	565,515	406,695	473,336
Intangible assets, net	8.12	35,542	36,009	17,473	23,378
Deferred tax assets, net	8.13	910,041	924,446	491,557	353,682
Accrued income, net		491,394	546,725	446,982	497,539
Receivables on credit support for derivative contracts		86,230	190,760	86,230	190,760
Other receivables, net		1,102,098	1,225,352	405,023	246,091
Other assets, net	8.14	51,817	50,908	26,730	33,540
TOTAL ASSETS		302,798,715	270,329,754	253,731,703	225,354,802

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 (CONTINUED)
AS AT DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
LIABILITIES AND EQUITY					
Liabilities					
Deposits	8.15	158,928,480	147,046,456	158,931,273	147,053,342
Interbank and money market items	8.16	53,634,360	38,952,828	53,384,360	37,452,828
Liabilities payable on demand		227,790	164,879	227,790	164,879
Derivative liabilities	8.4	752,073	1,561,879	752,073	1,561,879
Debt issued and borrowings	8.17	48,644,079	44,550,937	4,990,190	4,988,733
Provisions for employee benefits	8.18	354,190	370,362	280,991	305,947
Provisions for other liabilities		260,518	293,719	260,518	293,719
Accrued interest payables		511,313	718,919	430,309	630,155
Payable on credit support for derivative contracts		46,214	338,748	46,214	338,748
Lease liabilities		468,997	294,395	210,132	241,203
Other liabilities	8.19	2,130,410	1,987,806	1,364,884	1,192,742
TOTAL LIABILITIES		265,958,424	236,280,928	220,878,734	194,224,175
Equity					
Share capital	8.21				
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
Less Treasury shares - preference shares		(156)	(156)	(156)	(156)
Less Treasury shares - ordinary shares		(50,338)	(50,338)	(50,338)	(50,338)
Difference arising from business combination under common control		(24,849)	(24,849)	-	-
Other components of equity	8.22	298,371	227,070	349,087	215,138
Retained earnings					
Appropriated					
Legal reserve	8.22	2,015,000	2,015,000	2,015,000	2,015,000
Unappropriated		14,470,169	11,750,005	10,407,282	8,818,889
Equity attributable to the Bank's shareholders		36,840,291	34,048,826	32,852,969	31,130,627
Non-controlling interests		-	-	-	-
TOTAL EQUITY		36,840,291	34,048,826	32,852,969	31,130,627
TOTAL LIABILITIES AND EQUITY		302,798,715	270,329,754	253,731,703	225,354,802

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



(Mr. Xiaobo Li)
Director




(Mr. Shuxian Cui)
Director

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
Interest income	8.26	8,458,311	8,992,084	5,951,675	6,709,934
Interest expenses	8.27	2,711,747	3,796,934	1,934,478	3,072,148
Net interest income		5,746,564	5,195,150	4,017,197	3,637,786
Fees and service income	8.28	806,479	1,011,864	391,820	523,796
Fees and service expenses	8.28	134,323	101,625	102,123	99,150
Net fees and service income	8.28	672,156	910,239	289,697	424,646
Net losses on financial instruments measured at FVTPL	8.29	(206,640)	(364,469)	(206,459)	(364,329)
Net gains on investments	8.30	7,197	9,585	7,197	9,585
Gains on disposals of equipment, properties foreclosed and other assets		339,634	235,868	298,614	225,710
Bad debts recovered		522,125	334,687	5,152	32,417
Dividend income		6,966	5,410	6,966	5,410
Other operating income		53,596	58,273	8,223	12,218
Total operating income		7,141,598	6,384,743	4,426,587	3,983,443
Other operating expenses					
Employee expenses		1,630,194	1,529,875	1,173,573	1,091,762
Directors' remuneration	8.31	6,000	17,872	6,000	17,872
Premises and equipment expenses		248,771	246,888	165,579	167,729
Taxes and duties		189,981	217,441	166,117	188,026
Amortisation expense on intangible assets		7,675	7,440	5,905	5,780
Losses on properties foreclosed and other assets		303,644	206,932	122,067	14,465
Others		333,026	337,384	156,905	167,384
Total other operating expenses		2,719,291	2,563,832	1,796,146	1,653,018
Expected credit loss	8.32	1,075,190	844,345	751,649	717,220
Profit from operations before income tax		3,347,117	2,976,566	1,878,792	1,613,205
Income taxes	8.33	694,982	591,395	360,812	246,911
PROFIT FOR THE YEARS		2,652,135	2,385,171	1,517,980	1,366,294

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
OTHER COMPREHENSIVE INCOME (LOSS)	8.33				
<i>Components of other comprehensive income (loss) that will be reclassified to profit or loss</i>					
Gains (losses) on cash flow hedges		45,280	(4,293)	45,280	(4,293)
Losses on investment in debt instruments measured at other comprehensive income		(95,094)	(36,906)	(95,094)	(36,906)
Exchange differences on translating financial statements		(62,648)	11,979	-	-
Income tax relating to components of other comprehensive income (loss) that will be reclassified to profit or loss		9,698	30,349	9,698	30,349
Total components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax		(102,764)	1,129	(40,116)	(10,850)
<i>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</i>					
Gains (losses) on investment in equity designated at fair value through other comprehensive income		217,581	(4,369)	217,581	(4,369)
Gains (losses) on re-measurements of defined benefit plans		42,811	(11,169)	45,791	(11,169)
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss		(56,608)	7,637	(57,204)	7,637
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax		203,784	(7,901)	206,168	(7,901)
Total other comprehensive income (loss), net of tax		101,020	(6,772)	166,052	(18,751)
TOTAL COMPREHENSIVE INCOME		2,753,155	2,378,399	1,684,032	1,347,543
Basic earnings per share (Baht)					
Basic earnings per share	8.34	1.18	1.06	0.67	0.61

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



(Mr. Xiaobo Li)
Director




(Mr. Shuxian Cui)
Director

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

Note	CONSOLIDATED													Total equity attributable to the Bank's shareholders	Non controlling interest	Total equity
	Issued and paid-up share capital		Treasury shares		Difference arising from business combinations		Other components of equity					Retained earnings				
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Exchange differences on translating foreign operations	Gain (loss) in fair value of investment in debt instruments	Gain (loss) in fair value of investment in equity instruments	Cash flow hedge reserve	Appropriated reserve	Legal reserve	Unappropriated reserve			
	4,024	20,128,070	(156)	(50,338)	(24,849)	(47)	104,311	125,173	-	1,600,000	9,767,653	31,653,841	-	31,653,841	-	31,653,841
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	16,586	16,586	-	16,586	-	16,586
Total comprehensive income (loss)	-	-	-	-	-	11,979	(7,416)	(3,496)	(3,434)	-	2,380,766	2,378,399	-	2,378,399	-	2,378,399
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	415,000	(415,000)	-	-	-	-	-
Balance as at December 31, 2020	4,024	20,128,070	(156)	(50,338)	(24,849)	11,932	96,895	121,677	(3,434)	2,015,000	11,750,005	34,048,826	-	34,048,826	-	34,048,826
	4,024	20,128,070	(156)	(50,338)	(24,849)	11,932	96,895	121,677	(3,434)	2,015,000	11,750,005	34,048,826	-	34,048,826	-	34,048,826
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	38,310	38,310	-	38,310	-	38,310
Total comprehensive income (loss)	-	-	-	-	-	(62,648)	(76,340)	174,065	36,224	-	2,681,854	2,753,155	-	2,753,155	-	2,753,155
Balance as at December 31, 2021	4,024	20,128,070	(156)	(50,338)	(24,849)	(50,716)	20,555	295,742	32,790	2,015,000	14,470,169	36,840,291	-	36,840,291	-	36,840,291

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 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

Note	THE BANK										Total equity
	Issued and paid-up share capital		Treasury shares		Other components of equity				Retained earnings		
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Gain (loss) in fair value of investment in debt instruments	Gain (loss) in fair value of investment in equity instruments	Cash flow hedge reserve	Appropriated Legal reserve	Unappropriated		
	4,024	20,128,070	(156)	(50,338)	104,311	125,173	-	1,600,000	7,855,414		29,766,498
	-	-	-	-	-	-	-	-	16,586		16,586
	-	-	-	-	(7,416)	(3,496)	(3,434)	-	1,361,889		1,347,543
8.22	-	-	-	-	-	-	-	415,000	(415,000)		-
Balance as at December 31, 2020	4,024	20,128,070	(156)	(50,338)	96,895	121,677	(3,434)	2,015,000	8,818,889		31,130,627
	4,024	20,128,070	(156)	(50,338)	96,895	121,677	(3,434)	2,015,000	8,818,889		31,130,627
	-	-	-	-	-	-	-	-	38,310		38,310
	-	-	-	-	(76,340)	174,065	36,224	-	1,550,083		1,684,032
Balance as at December 31, 2021	4,024	20,128,070	(156)	(50,338)	20,555	295,742	32,790	2,015,000	10,407,282		32,852,969

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

FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operations before income tax		3,347,117	2,976,566	1,878,792	1,613,205
Adjustments to reconcile profit from operations before income tax to cash received (paid) from operating activities					
Depreciation and amortisation		182,887	165,330	123,091	113,194
Expected credit loss		1,075,190	844,345	751,649	717,220
Gains on disposals of properties foreclosed and other assets		(339,520)	(235,375)	(298,580)	(225,710)
Net gains on investments		(7,197)	(9,585)	(7,197)	(9,585)
Losses on properties foreclosed and other assets		303,644	206,932	122,067	14,465
Gains on sales of equipment		(114)	(493)	(34)	-
Net trading loss		206,640	364,469	206,459	364,329
Provisions for employee benefit		48,727	73,948	34,614	62,741
Net interest income		(5,746,564)	(5,195,150)	(4,017,197)	(3,637,786)
Dividend income		(6,966)	(5,410)	(6,966)	(5,410)
Proceeds from interest		6,465,235	7,113,721	3,966,781	4,784,734
Interest paid		(1,983,708)	(3,187,311)	(1,959,325)	(3,147,751)
Proceeds from dividend		6,966	5,410	6,966	5,410
Income tax paid		(664,421)	(417,299)	(476,746)	(208,391)
Profit from operations before changes in operating assets and liabilities		2,887,916	2,700,098	324,374	440,665
<i>Decrease (increase) in operating assets</i>					
Interbank and money market items		(32,566,571)	(5,409,006)	(32,357,867)	(5,354,811)
Derivative assets		2,045,067	245,446	2,045,249	245,446
Loans to customers		(577,391)	(10,543,915)	3,861,963	(1,687,510)
Properties foreclosed		128,727	68,423	332,660	225,710
Receivables on credit support for derivative contracts		104,529	197,284	104,529	197,284
Fee receivable		4,774	1,439	-	-
Other receivables		156,020	(458,626)	(158,933)	(107,723)
Other assets		86,594	(90,749)	6,541	(5,140)

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 (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2021

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUES)					
<i>Increase (decrease) in operating liabilities</i>					
Deposits		11,882,025	17,226,211	11,877,931	17,230,260
Interbank and money market items		14,681,531	(9,815,022)	15,931,531	(10,315,022)
Liabilities payable on demand		62,911	129,778	62,911	129,778
Derivative liabilities		(2,071,822)	(1,404,137)	(2,071,822)	(1,403,997)
Employee benefit paid		(22,089)	(17,343)	(13,779)	(17,343)
Payable on credit support for derivative contracts		(292,534)	338,748	(292,533)	338,748
Other liabilities		44,531	5,142	104,005	(156,889)
Net cash used in operating activities		(3,445,782)	(6,826,229)	(243,240)	(240,544)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		1,841,234	2,053,009	1,841,234	2,053,009
Proceeds from selling equity investments		38,310	16,586	38,310	16,586
(Increase) decrease in long-term investments		(1,482,323)	(1,559,706)	(1,482,323)	(1,559,706)
Proceeds from equipment disposal		119	1,910	37	1,417
Cash paid from purchases of equipment		(39,372)	(63,122)	(18,986)	(42,922)
Cash paid from purchases of intangible assets		(7,209)	(10,376)	-	(6,349)
Net cash from investing activities		350,759	438,301	378,272	462,035
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from debt issued and borrowings	8.1.2	36,202,001	43,613,269	-	-
Cash paid for repayment of debt issued and borrowings	8.1.2	(31,925,717)	(36,678,956)	-	-
Amortisation of fee expense	8.1.2	(183,142)	368,675	1,457	1,460
Cash paid for interest from debt issued and borrowings		(935,645)	(849,916)	(174,716)	(177,243)
Repayment of lease liabilities		(98,364)	(94,062)	(63,942)	(62,647)
Net cash from (used in) financing activities		3,059,133	6,359,010	(237,201)	(238,430)
Exchange arising from translating the financial statement of foreign operations		(66,344)	11,979	-	-
Net decrease in cash		(102,234)	(16,939)	(102,169)	(16,939)
Cash at January 1,		441,769	458,708	441,093	458,032
Cash at December 31,		339,535	441,769	338,924	441,093

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

**INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 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 principal activities of the Bank are the provision of financial products and services through its branch network in Thailand. The parent company is Industrial and Commercial Bank of China Limited (97.86% shareholding), which is incorporated in the People’s Republic of China. As at December 31, 2021 and 2020, the Bank has 3 subsidiaries which are disclosed in Note 8.6 and the Bank has 21 branches.

2. BASIS OF PREPARATION OF THE CONSOLIDATED AND THE BANK’S FINANCIAL STATEMENTS

2.1 The consolidated and Bank’s 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 October 31, 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”.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies (see Note 3).

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

The Bank prepared its financial statements in Thai language in conformity with Thai Financial Reporting Standards and the Notifications Noted above. However, for convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

The consolidated and Bank’s financial statements for the year ended December 31, 2020, presented herein as comparison information, were audited by other auditor.

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

2.2.1 During the year, the Bank and its subsidiaries have adopted the revised financial reporting standards and the Conceptual Framework for Financial Reporting issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, the amendment for definition of business, the amendment for definition of materiality and accounting requirements for interest rate reform. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries' financial statements.

2.2.2 The Bank and its subsidiaries elected to adopt the practical expedient relating to COVID-19 related Rent Concessions according to the amendments to TFRS 16 "Leases". The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. Any reduction in lease payments affects only payments originally due on or before June 30, 2022 and there is no substantive change to other terms and conditions of the lease. The Bank and its subsidiaries' management has adopted such aforementioned practical expedient in the preparation of the financial statements for the year ended December 31, 2021.

2.2.3 The Bank and its subsidiaries have adopted Accounting Treatment Guidance on "The temporary relief measures for entities supporting their debtors who are effected from the situations that affected Thailand's economy" in the preparation of the financial statements for the year ended December 31, 2021. This Accounting Treatment Guidance is intended to be temporary that provides assistance to the debtors during January 1, 2020 to December 31, 2021 or until there are any changes from the BOT, which require the compliance with such changes (see Note 8.35).

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

The Amendment to Thai Financial Reporting Standard No. 16 "Leases" ("TFRS 16") added the requirements for the temporary exception arising from the Phase 2 of the interest rate benchmark reform amendments, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

The Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standard No. 4 “Insurance Contracts”, Thai Financial Reporting Standard No. 7 “Financial Instruments: Disclosures”, and Thai Financial Reporting Standard No. 9 “Financial Instruments”, which have been announced in the Royal Gazette on June 28, 2021 and will be effective for the financial statements for the period beginning on or after January 1, 2022 onwards with earlier application permitted. The amendment to such Thai Financial Reporting Standards are relevant to the Phase 2 of the interest rate benchmark reform amendments which provided practical expedients for the modification of the contractual cash flows of financial assets or financial liabilities resulted from the interest rate benchmark reform, including temporary exceptions from specific hedge accounting requirements, and additional disclosure requirements of TFRS 7.

In addition, the Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards which have been announced in the Royal Gazette on December 22, 2021, as follows:

Accounting Treatment Guidance on “Guidelines regarding the provision of financial assistance to the debtors who are impacted by the COVID-19”, which the objective is to grant the temporary relief measures for entities helping their debtors who are impacted by the COVID-19 with the supporting period during January 1, 2022 to December 31, 2023 or until any changes announced from the Bank of Thailand. The Bank and its subsidiaries who elect to apply these temporary relief measures should disclose such fact in the financial statements.

The Bank and its subsidiaries’ management will adopt such TFRSs in the preparation of the Bank and its subsidiaries’ financial statements when become effective. The Bank and its subsidiaries’ management is in the process to assess the impact of these TFRSs on the financial statements of the Bank and its subsidiaries in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of consolidation

The Consolidated financial statements comprise the Bank and its subsidiaries’ financial statements.

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.

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 Bank and its subsidiaries. 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.

3.2 Cash

Cash and cash equivalents comprise cash balances, all deposits at financial institutions with the original maturities of three months or less and highly liquid short-term investments, excluding cash at banks used as collateral.

3.3 Financial instruments

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.

3.3.1 Recognition and initial measurement

The Bank and its subsidiaries initially recognised all financial instruments (including regular way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become 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.

3.3.2. Derecognition

Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and its subsidiaries neither transfer nor retain 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 qualifies for derecognition that is created or retained by the Bank and its subsidiaries is recognised as a separate asset or liability.

The Bank and its subsidiaries enter 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 Bank and its subsidiaries retain all or substantially all of the risks and rewards of ownership of such assets.

If the Bank and its subsidiaries remain right for servicing of financial assets which received the fee. The Bank and its subsidiaries will recognise the assets or liabilities which occur from those services of the Bank and its subsidiaries. If the Bank and its subsidiaries expect that the service fee is not enough for service of the Bank and its subsidiaries, the Bank and its subsidiaries need to recognise the liabilities from providing service for service commitment at fair value. If the service fee are received more than the compensation of service, the Bank and its subsidiaries will recognise the assets from the providing service rights.

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

In the event that the Bank and its subsidiaries receive cash inflow from written off financial assets. The Bank and its subsidiaries will recognise the cash flow as bad debt recovery with the same amount that have been written off and the remaining will be recorded in interest income in profit or loss.

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled or expired.

3.3.3. Classification and measurement

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 Bank and its subsidiaries make 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 Bank and its subsidiaries' 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 Bank and its subsidiaries' 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), including different in profit.

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider 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 Bank and its subsidiaries considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank and its subsidiaries' 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 that is not designated at FVTPL will be measured at AMC if it meets both of the following conditions:

- the debt instrument is held within a business model whose objective is to hold assets to collect contractual cash flows;
- the contractual terms of the debt instrument 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 that is not designated at FVTPL will be measured at FVOCI only if it meets both of the following conditions:

- the debt instrument 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 debt instrument 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 Bank and its subsidiaries may designate a financial asset that otherwise meets the requirements to be measured at AMC, or at FVOCI, or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. When they are elected, it will be irrevocable.

Financial assets - equity instruments

On initial recognition of an equity investment that is not held for trading, the Bank and its subsidiaries 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 Bank and its subsidiaries change its business model for managing financial assets.

Financial liabilities

The Bank and its subsidiaries classify its financial liabilities, other than financial guarantees and loan commitments, as measured at AMC or FVTPL.

3.4 Modifications of financial assets

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate whether the cash flows of the modified asset are significantly different.

If the cash flows are significantly 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 significantly different terms. If the Bank and its subsidiaries plan 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 Bank and its subsidiaries first recalculate 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 recognise 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 terms 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.

3.5 Impairment of financial assets

The Bank and its subsidiaries 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.

The Bank and its subsidiaries do 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 terms 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.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank and its subsidiaries are 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 customers in accordance with the contract and the cash flows that the Bank and its subsidiaries expect 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 Bank and its subsidiaries if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expect to receive; and
- financial guarantee contracts the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries 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 Bank and its subsidiaries consider debt instruments to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank and its subsidiaries do 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.

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.

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 be transferred 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 Bank and its subsidiaries measure 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 Bank and its subsidiaries recognise 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 Bank and its subsidiaries cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank and its subsidiaries present 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.

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 Bank and its subsidiaries assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank and its subsidiaries 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 Bank and its subsidiaries determine 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 Bank and its subsidiaries consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank and its subsidiaries determine 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 Bank and its subsidiaries present gains or losses on a compensation right in profit or loss in the line item “impairment losses on financial instruments”.

3.6 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 Bank and its subsidiaries designate 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 Bank and its subsidiaries 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 Bank and its subsidiaries make 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 Bank and its subsidiaries make 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 Bank and its subsidiaries have 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 the Bank and its subsidiaries 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 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 is expired or 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 to amortise 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 to amortise 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 other comprehensive income.

If the hedging derivative is expired, 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 Bank and its subsidiaries immediately reclassify 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 Bank and its subsidiaries reclassify 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.

3.7 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 3.3 Financial instruments.

3.8 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.

3.9 Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Bank are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of the associate or joint venture. When the Bank and its subsidiaries' share of losses of an associate or a joint venture equals or exceeds The Bank and its subsidiaries' interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Bank and its subsidiaries' net investment in the associate or joint venture), the Bank and its subsidiaries discontinue recognising its share of further losses. Additional losses are recognised only to the extent that the Bank and its subsidiaries has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognised immediately as profit or loss in the statement of profit or loss and other comprehensive income in the period in which the investment is acquired.

The Bank and its subsidiaries discontinue the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held-for-sale.

The Bank and its subsidiaries continue to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. No re-measurement upon such changes in ownership interests is required.

When the Bank and its subsidiaries reduce its ownership interest in an associate or a joint venture but the Bank and its subsidiaries continue to use the equity method, the Bank and its subsidiaries reclassify to profit or loss for the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest in the statement of profit or loss and other comprehensive income if that gain or loss would be reclassified to profit or loss upon the disposal of the related assets or liabilities.

When a the Bank and its subsidiaries entity transacts with an associate or a joint venture, profits and losses resulting from such transactions are recognised in the Bank and its subsidiaries' consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Bank and its subsidiaries.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised as profit or loss in the statement of profit or loss and other comprehensive income.

If the Bank and its subsidiaries dispose of a partial of its holding investment, the deemed cost of the sold investment is determined using the weighted-average method applied to the carrying value of the total holding of the investment.

3.10 Premises and equipment

Recognition and measurement

Land is stated at cost less allowance for impairment losses, if any.

Premises and equipment are measured at cost less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use. The cost also includes the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately by major components.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net as profit or loss in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

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

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

Buildings and buildings improvement	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 Bank and its subsidiaries derecognised an item of premises and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Gains or 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 Bank and its subsidiaries derecognised that assets.

3.11 Intangible assets

Intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses, if any.

Subsequent expenditure

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

Amortisation

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

Amortisation is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use.

The estimated useful lives are as follows

Computer software	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.

Intangible assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

3.12 Impairment of non-financial assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity and it subsequently impairs in which case it is charged to other comprehensive income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the higher of the asset's value in use or fair value less costs to sell. In assessing 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 from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

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 as an expense in the statement of profit or loss and other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications of impairment 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, as if no impairment loss had been recognised.

3.13 Provision

Provisions are recognised when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Litigation

The Bank and its subsidiaries 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.

3.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank and its subsidiaries' net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value based on salary, mortality rate, service period and other factors. The discount rate used in determining post-employment benefit obligation is the yield of the government bond.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense immediately in the statement of profit or loss and other comprehensive income on a straight-line basis until the benefits become vested.

The Bank and its subsidiaries recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in the statement of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognised as an expense in the profit or loss and other comprehensive income when the plan amendment is effective.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is assessed by an independent actuary and based on actuarial assumption using projected unit credit method to determine present value of cash flow of employee benefit to be paid in the future. Any actuarial gains and losses are recognised as profit or loss in the statement of profit or loss and other comprehensive income in the period which they incur.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted cash flow basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.15 Foreign currencies transactions

Translation of foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the date of the transactions.

Outstanding of 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 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.

Translation of financial statements of foreign entity

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

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.

3.16 Measurement of fair values

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or a liability, the Bank and its subsidiaries take into account the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.17 Revenue recognition

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
- 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 Bank and its subsidiaries estimate 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, the 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.

3.18 Dividend received

The Bank and its subsidiaries recognise dividend received as income in profit or loss on the date that the Bank and its subsidiaries has right to receive dividend. Dividend income is shown in other operating income.

3.19 Other income

Other income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

3.20 Fee and commission

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.

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 Bank and its subsidiaries 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 Bank and its subsidiaries act in the capacity of an agent and recognise the net amount of consideration as commission revenue.

3.21 Lease

The Bank and its subsidiaries as a lessee

The Bank and its subsidiaries assess whether a contract is or contains a lease, at inception of the contract. The Bank and its subsidiaries recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank and its subsidiaries recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank and its subsidiaries use its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and Bank's statement of financial position.

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

The Bank and its subsidiaries remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a yield interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank and its subsidiaries did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Bank and its subsidiaries incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank and its subsidiaries expect exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the consolidated and Banks’ statement of financial position.

The Bank and its subsidiaries apply TAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Property, Plant and Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, TFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank and its subsidiaries have used this practical expedient.

3.22 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. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries 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 enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries 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 Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax 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. 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. The Bank and its subsidiaries recognise all temporary difference of deferred tax liabilities in the consolidated and Bank's financial statement.

3.23 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders and preference shareholders which are equivalent 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.

3.24 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 Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries and the Bank; or and its subsidiaries have direct or indirect control or joint control or have significant influence over the financial and managerial decision-making of a person or entity.

3.25 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.

3.26 Offsetting

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

3.27 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.

4. FINANCIAL RISK MANAGEMENT

4.1 Risk management approach

The Bank and its subsidiaries have 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 Bank and its subsidiaries.

The Bank and its subsidiaries manage 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 Bank and its subsidiaries' risk governance structure consist of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank and its subsidiaries' 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 Bank and its subsidiaries and formulate risk management strategies, policies, frameworks and standards, as well as risk appetite and submit to the Board of Directors for approval. Additionally, Audit Committee is overseeing for the Internal Audit Department and Credit Review Department.

To strengthen Enterprise-Wide Risk Management, the Bank forms a risk governance where the three lines of defense work together to prevent and control risk. To follow three lines of defenses in which the Bank has set risk ownership, formulate segregation of duties, and form check and balance in the monitoring of risk management. The risk management related functions are under the stewardship of the Chief Executive Officer (CEO) are responsible for establishing Enterprise-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 for approval in order to be used for monitoring, controlling and managing risk levels of the Bank and its subsidiaries.

4.2 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 Bank and its subsidiaries to incur a financial loss. The Bank and its subsidiaries 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 Bank and its subsidiaries have 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 Bank and its subsidiaries have 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 Bank and its subsidiaries' Stress Testing Policy ensure a consistent framework to assess the Bank and its subsidiaries' ability to withstand extreme but plausible adverse changes to economic conditions.

Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate 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 Bank and its subsidiaries demand the placement of adequate collateral by customers in various forms including, for example, land and building, deposits, securities, and personal/corporate guarantees, etc.

The Bank and its subsidiaries have 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 Bank and its subsidiaries also make 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.

Credit rating

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 Bank and its subsidiaries' 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 Bank and its subsidiaries.

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 Bank and its subsidiaries also use credit risk models in the process to determine loan loss provisioning, regulatory capital, and economic capital.

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

Credit risk grade is based on risk rating (or PD models). The Bank and its subsidiaries 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.

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 by 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 Note 4.2.1 credit quality, the Bank and its subsidiaries segregate 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 Bank and its subsidiaries 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.

ECL model

The Bank and its subsidiaries 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 judgment.

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.

The Bank and its subsidiaries apply forward-looking factor into the ECL models. For macroeconomic input/projections, the Bank and its subsidiaries leverage 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 Bank and its subsidiaries apply macroeconomic factors or any factor expected to occur as a part of formulated scenario for developing ECL. The Bank and its subsidiaries 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 Bank and its subsidiaries 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 Bank and its subsidiaries at the reporting date as post-model adjustments.

4.2.1 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 December 31, 2021 and 2020 of investment and loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviors and qualitative factors.

	Unit : Million Baht			
	Consolidated 2021			
Risk level	Stage 1	Stage 2	Stage 3	Total
<i>Investments in debt instruments measured at AMC</i>				
Low	34,186	2,657	-	36,843
Gross carrying amount	34,186	2,657	-	36,843
Less allowance for expected credit loss	(30)	(1)	-	(31)
Carrying amount	34,156	2,656	-	36,812
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,262	-	-	38,262
Carrying amount	38,262	-	-	38,262
Allowance for expected credit loss	(3)	-	-	(3)
<i>Loans to customers and accrued interest receivables - net</i>				
Low	69,735	-	-	69,735
Medium	77,010	34	-	77,044
Rather high/High	8,449	9,707	-	18,156
Defaults	-	-	954	954
Gross carrying amount	155,194	9,741	954	165,889
Less allowance for expected credit loss	(4,074)	(2,835)	(236)	(7,145)
Carrying amount	151,120	6,906	718	158,744

Unit : Million Baht

Risk level	Consolidated 2020			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments in debt instruments measured at AMC</i>				
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
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,321	-	-	38,321
Carrying amount	38,321	-	-	38,321
Allowance for expected credit loss	(5)	-	-	(5)
<i>Loans to customers and accrued interest receivables - net</i>				
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

Unit : Million Baht

Risk level	The Bank 2021			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments in debt instruments measured at AMC</i>				
Low	34,186	2,657	-	36,843
Gross carrying amount	34,186	2,657	-	36,843
Less allowance for expected credit loss	(30)	(1)	-	(31)
Carrying amount	34,156	2,656	-	36,812
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,262	-	-	38,262
Carrying amount	38,262	-	-	38,262
Allowance for expected credit loss	(3)	-	-	(3)
<i>Loans to customers and accrued interest receivables - net</i>				
Low	29,584	-	-	29,584
Medium	67,909	34	-	67,943
Rather high/High	8,449	4,907	-	13,356
Defaults	-	-	274	274
Gross carrying amount	105,942	4,941	274	111,157
Less allowance for expected credit loss	(2,897)	(800)	(5)	(3,702)
Carrying amount	103,045	4,141	269	107,455

Unit : Million Baht

Risk level	The Bank 2020			Total
	Stage 1	Stage 2	Stage 3	
<i>Investments in debt instruments measured at AMC</i>				
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
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,321	-	-	38,321
Carrying amount	38,321	-	-	38,321
Allowance for expected credit loss	(5)	-	-	(5)
<i>Loans to customers and accrued interest receivables - net</i>				
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

4.2.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Bank and its subsidiaries also use collateral as one type of credit risk mitigation to reduce potential credit losses to the Bank and its subsidiaries. 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 Bank and its subsidiaries strive 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, including

- Credit evaluation process
- Different risk levels require different LTVs

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 December 31, 2021 and 2020.

Type of credit exposures	Notes	Consolidated		Unit : Million Baht
		2021	2020	Principal type of collateral held
Interbank and money market items	8.3	64,285	31,719	Debt securities
Derivative assets	8.4	404	1,348	Cash
Investments in debt securities	8.5	75,105	73,696	None
Loans to customers	8.7			
- Loans to corporate customers		104,337	107,159	Properties, plant, equipment and guarantee by another banks
- Retail mortgage lending		13	16	Properties
- Hire purchase and finance lease		56,571	53,736	Vehicle
- Others		4,497	4,349	None

Type of credit exposures	Notes	The Bank		Unit : Million Baht
		2021	2020	Principal type of collateral held
Interbank and money market items	8.3	63,835	31,477	Debt securities
Derivative assets	8.4	404	1,348	Cash
Investments in debt securities	8.5	75,105	73,696	None
Loans to customers	8.7			
- Loans to corporate customers		106,120	110,185	Properties, plant, equipment and guarantee by another banks
- Retail mortgage lending		13	16	Properties
- Others		4,497	4,349	None

4.2.3 Concentrations of credit risk

The Bank and its subsidiaries monitor 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 December 31, 2021 and 2020 are shown below:

	Unit : Million Baht		
	Loans to customers	Consolidated Loan commitments	Financial guarantees
As at December 31, 2021			
Gross carrying amount	223,918	-	-
Amount committed/guaranteed	-	313,211	30,180
<i>Concentration by sector</i>			
Financial institutions	58,501	260,804	11,519
Agricultural and mining	1,751	56	-
Manufacturing and commerce	52,747	34,910	1,068
Real estate and construction	13,065	2,841	751
Public utilities and services	44,272	12,426	15,960
Retail mortgage lending	13	-	882
Hire purchase and finance lease	53,186	-	-
Others	383	2,174	-
Total	223,918	313,211	30,180

	Unit : Million Baht		
	Loans to customers	Consolidated Loan commitments	Financial guarantees
As at December 31, 2020			
Gross carrying amount	193,576	-	-
Amount committed/guaranteed	-	325,584	27,365
<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

	Unit : Million Baht		
	Loans to customers	The Bank Loan commitments	Financial guarantees
As at December 31, 2021			
Gross carrying amount	169,130	-	-
Amount committed/guaranteed	-	344,163	30,180
<i>Concentration by sector</i>			
Financial institutions	58,501	260,804	11,519
Agricultural and mining	1,751	56	-
Manufacturing and commerce	54,530	65,862	1,068
Real estate and construction	13,065	2,841	751
Public utilities and services	40,887	12,426	15,960
Retail mortgage lending	13	-	882
Others	383	2,174	-
Total	169,130	344,163	30,180

	Unit : Million Baht		
	Loans to customers	The Bank Loan commitments	Financial guarantees
As at December 31, 2020			
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

4.3 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries 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 Bank and its subsidiaries have established a liquidity management policy, to ensure that the Bank and its subsidiaries 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 Bank and its subsidiaries 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 Bank and its subsidiaries Risk Supervision and Internal Control Committee on a regular basis.

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 Bank and its subsidiaries liquidity management is decentralised, with the subsidiaries, 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 Bank and its subsidiaries perform 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 Bank and its subsidiaries' 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 Bank and its subsidiaries generate reports and set 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, etc.
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 Bank and its subsidiaries prepare 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, etc.
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.

According to BOT Notification Number Sor Nor Sor. 2/2561, dated January 25, 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 December 31, 2021 in the Bank's website, www.icbcthai.com, under Financial Report section/ Basel III Pillar III Disclosure, within April 2022.

As at December 31, 2021 and 2020, significant financial assets and financial liabilities are classified according to their remaining maturity as follows:

	Unit : Million Baht						
	Consolidated 2021						
	At call	Within 3 months	Over 3 months to 1 year	Maturity Over 1 year to 5 years	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	-	-	-	-	-	340	340
Interbank and money market items	5,785	51,740	688	4,516	1,556	-	64,285
Investments	-	18,275	26,108	24,623	6,099	496	75,601
Loans to customers	7	27,442	28,333	88,799	19,434	1,403	165,418
Total financial assets	<u>5,792</u>	<u>97,457</u>	<u>55,129</u>	<u>117,938</u>	<u>27,089</u>	<u>2,239</u>	<u>305,644</u>
<i>Financial liabilities</i>							
Deposits	39,700	62,936	54,223	2,069	-	-	158,928
Interbank and money market items	641	32,102	12,135	8,756	-	-	53,634
Liabilities payable on demand	228	-	-	-	-	-	228
Debt issued and borrowings	-	6,294	12,726	24,634	4,990	-	48,644
Total financial liabilities	<u>40,569</u>	<u>101,332</u>	<u>79,084</u>	<u>35,459</u>	<u>4,990</u>	<u>-</u>	<u>261,434</u>

Unit : Million Baht

	Consolidated 2020						Total
	At call	Within 3 months	Over 3 months to 1 year	Maturity Over 1 year to 5 years	Over 5 years	No maturity	
<i>Financial assets</i>							
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
<i>Financial liabilities</i>							
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

Unit : Million Baht

	The Bank 2021						Total
	At call	Within 3 months	Over 3 months to 1 year	Maturity Over 1 year to 5 years	Over 5 years	No maturity	
<i>Financial assets</i>							
Cash	-	-	-	-	-	339	339
Interbank and money market items	5,335	51,740	688	4,516	1,556	-	63,835
Investments	-	18,275	26,108	24,623	6,099	496	75,601
Loans to customers	55	24,076	18,811	51,711	15,253	724	110,630
Total financial assets	5,390	94,091	45,607	80,850	22,908	1,559	250,405
<i>Financial liabilities</i>							
Deposits	39,703	62,936	54,223	2,069	-	-	158,931
Interbank and money market items	641	31,852	12,135	8,756	-	-	53,384
Liabilities payable on demand	228	-	-	-	-	-	228
Debt issued and borrowings	-	-	-	-	4,990	-	4,990
Total financial liabilities	40,572	94,788	66,358	10,825	4,990	-	217,533

Unit : Million Baht

	At call	Within 3 months	Over 3 months to 1 year	The Bank 2020 Maturity Over 1 year to 5 years	Over 5 years	No maturity	Total
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

4.4 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 Bank and its subsidiaries have 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 Bank and its subsidiaries 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 Bank and its subsidiaries classify the overall market risk management into two parts: trading book and banking book. The Bank and its subsidiaries have 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 Bank and its subsidiaries 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 Bank and its subsidiaries' 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 Bank and its subsidiaries have 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 Bank and its subsidiaries' risk appetite.

The Bank and its subsidiaries also analyse 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.

4.4.1 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 Bank and its subsidiaries' operating results, cash flows and economic value.

The Bank and its subsidiaries manage 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.

As at December 31, 2021 and 2020, significant financial assets and financial liabilities classified according to the earlier between their remaining maturity and interest repricing periods were as follows:

	Consolidated 2021					Unit : Million Baht		
	At call	Interest repricing/ Within 3 months	maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non- Interest bearing	Non- performing assets	Total
Financial assets								
Cash	-	-	-	-	-	340	-	340
Interbank and money market items	245	56,763	181	-	1,556	5,540	-	64,285
Investments	-	18,509	25,874	24,623	6,099	496	-	75,601
Loans to customers	464	87,578	19,144	52,306	4,987	-	939	165,418
Total financial assets	709	162,850	45,199	76,929	12,642	6,376	939	305,644
Financial liabilities								
Deposits	39,183	62,936	54,223	2,069	-	517	-	158,928
Interbank and money market items	343	39,512	12,659	114	-	1,006	-	53,634
Liabilities payable on demand	-	-	-	-	-	228	-	228
Debt issued and borrowings	-	6,294	12,726	24,634	4,990	-	-	48,644
Total financial liabilities	39,526	108,742	79,608	26,817	4,990	1,751	-	261,434

Unit : Million Baht

	Consolidated 2020							Total
	At call	Interest repricing/ maturity				Non- Interest bearing	Non- performing assets	
		Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
Financial assets								
Cash	-	-	-	-	-	442	-	442
Interbank and money market items	78	27,179	1,137	-	-	3,325	-	31,719
Investments	-	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
Debt 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

Unit : Million Baht

	The Bank 2021							Total
	At call	Interest repricing/ maturity				Non- Interest bearing	Non- performing assets	
		Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
Financial assets								
Cash	-	-	-	-	-	339	-	339
Interbank and money market items	2	56,763	181	-	1,556	5,333	-	63,835
Investments	-	18,509	25,874	24,623	6,099	496	-	75,601
Loans to customers	512	84,377	9,562	15,150	769	-	260	110,630
Total financial assets	514	159,649	35,617	39,773	8,424	6,168	260	250,405
Financial liabilities								
Deposits	39,186	62,936	54,223	2,069	-	517	-	158,931
Interbank and money market items	343	39,262	12,659	114	-	1,006	-	53,384
Liabilities payable on demand	-	-	-	-	-	228	-	228
Debt issued and borrowings	-	-	-	-	4,990	-	-	4,990
Total financial liabilities	39,529	102,198	66,882	2,183	4,990	1,751	-	217,533

Unit : Million Baht

	The Bank 2020					Non- Interest bearing	Non- performing assets	Total
	At call	Interest repricing/ Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
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

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 December 31, 2021 and 2020 can be summarised as follows:

	Consolidated					
	2021		2020			
	Average Balances ⁽¹⁾	Interest	Average interest rate	Average Balances ⁽¹⁾	Interest	Average interest rate
	(million Baht)	(million Baht)	(%)	(million Baht)	(million Baht)	(%)
Financial assets						
Interbank and money market items	52,703	457	0.87	36,645	500	1.36
Investments	73,913	1,798	2.43	76,886	1,936	2.52
Loans to customers	172,946	3,764	2.18	169,842	4,238	2.50
Financial liabilities						
Deposits	159,731	1,107 ⁽²⁾	0.69	149,256	1,768 ⁽²⁾	1.18
Interbank and money market items	44,761	288	0.64	49,856	795	1.59
Debts issued and borrowings	46,699	928 ⁽³⁾	1.99	38,893	862 ⁽³⁾	2.22

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand

⁽³⁾ Including debentures fee expense

	The Bank					
	2021		2020			
	Average	Interest	Average	Average	Interest	Average
	Balances ⁽¹⁾		interest	Balances ⁽¹⁾		interest
	<i>(million Baht)</i>		<i>(%)</i>	<i>(million Baht)</i>		<i>(%)</i>
<i>Financial assets</i>						
Interbank and money market items	48,450	456	0.94	36,435	500	1.37
Investments	73,913	1,798	2.43	76,886	1,936	2.52
Loans to customers	113,566	3,696	3.25	118,435	4,271	3.61
<i>Financial liabilities</i>						
Deposits	159,741	1,108 ⁽²⁾	0.69	149,251	1,768 ⁽²⁾	1.18
Interbank and money market items	43,980	281	0.64	48,225	771	1.60
Debts issued and borrowings	4,989	175 ⁽³⁾	3.54	4,988	175 ⁽³⁾	3.52

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand

⁽³⁾ Including debentures fee expense

4.4.2 Sensitivity analysis

Market risk in the Banking book

The Bank and its subsidiaries employ 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 Bank and its subsidiaries conduct 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 Bank and its subsidiaries Risk Committee for consideration and revision of risk management strategy and backup plan.

At present, the Bank and its subsidiaries do not have the behavioral adjustments on both assets and liabilities, e.g. behavioral adjustment on prepayment schedule and the rollover of the deposit.

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 the Bank as at December 31, 2021 and 2020 are as follows:

Currency	Unit : Million Baht			
	Consolidated			
	2021		2020	
	Upward	Downward	Upward	Downward
	100 bps	100 bps	100 bps	100 bps
Thai Baht	297	(297)	216	(216)
US Dollar	(91)	91	(25)	25
Renminbi	(12)	12	(5)	5
Euro	25	(25)	47	(47)
Total impact of the change in interest rate	219	(219)	233	(233)

Unit : Million Baht

Currency	The Bank			
	2021		2020	
	Upward 100 bps	Downward 100 bps	Upward 100 bps	Downward 100 bps
Thai Baht	328	(328)	233	(233)
US Dollar	(95)	95	(36)	36
Renminbi	(12)	12	(5)	5
Euro	25	(25)	42	(42)
Total impact of the change in interest rate	246	(246)	234	(234)

4.4.3 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 December 31, 2021 and 2020, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

Unit: USD Million

	Consolidated					
	US Dollar	2021 Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	2020 Euro ⁽¹⁾	Other currencies ⁽¹⁾
Spot	496	(338)	(72)	1,086	(365)	(75)
Forward	(492)	339	75	(1,091)	365	77
Net position	4	1	3	(5)	-	2

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

Unit: USD Million

	The Bank					
	US Dollar	2021 Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	2020 Euro ⁽¹⁾	Other currencies ⁽¹⁾
Spot	493	(338)	(72)	1,097	(365)	(75)
Forward	(492)	339	75	(1,091)	365	77
Net position	1	1	3	6	-	2

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

4.4.4 Equity price risk

Equity price risk is the risk arising from changes in the price of equity instruments or equity securities. This causes fluctuations in the income or financial assets of the Bank and its subsidiaries.

The Bank and its subsidiaries have a policy to manage market risks. The ceiling risk limit is set in order to control the risk to be at the Bank and its subsidiaries' 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 December 31, 2021, the Bank has equity investments listed on Stock Exchange of Thailand at Baht 125 million with the mark to market value at Baht 489 million. As at December 31, 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.

5. 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 December 31, 2021 and 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	Unit : Million Baht			
		Consolidated			
		2021			
		Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives assets					
- Foreign exchange rate	164	-	164	-	164
- Interest rate	200	-	200	-	200
- Foreign exchange and interest rate	40	-	40	-	40
	404	-	404	-	404
Investments					
- Investments in debt instruments measured at AMC	36,843	-	36,816	-	36,816
- Investments in debt instruments measured at FVOCI	38,262	-	38,262	-	38,262
- Investments in equity instruments designated at FVOCI	496	-	489	7	496
	75,601	-	75,567	7	75,574
Loans to customers ⁽¹⁾	108,847	-	19,573	89,200	108,773
Total financial assets	184,852	-	95,544	89,207	184,751
Financial liabilities					
Deposits					
	158,928	-	158,933	-	158,933
Derivatives liabilities					
- Foreign exchange rate	165	-	165	-	165
- Interest rate	453	-	453	-	453
- Foreign exchange and interest rate	134	-	134	-	134
	752	-	752	-	752
Debts issued and borrowings	48,644	-	49,106	-	49,106
Total financial liabilities	208,324	-	208,791	-	208,791

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

	Unit : Million Baht				
	Consolidated 2020				
	Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total
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
Financial liabilities					
Deposits					
	147,046	-	147,058	-	147,058
Derivatives 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

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

Unit : Million Baht					
The Bank					
2021					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives assets					
- Foreign exchange rate	164	-	164	-	164
- Interest rate	200	-	200	-	200
- Foreign exchange and interest rate	40	-	40	-	40
	404	-	404	-	404
Investments					
- Investments in debt instruments measured at AMC	36,843	-	36,816	-	36,816
- Investments in debt instruments measured at FVOCI	38,262	-	38,262	-	38,262
- Investments in equity instruments designated at FVOCI	496	-	489	7	496
	75,601	-	75,567	7	75,574
Loans to customers ⁽¹⁾	110,630	-	21,376	89,247	110,623
Total financial assets	186,635	-	97,347	89,254	186,601
Financial liabilities					
Deposits	158,931	-	158,936	-	158,936
Derivatives liabilities					
- Foreign exchange rate	165	-	165	-	165
- Interest rate	453	-	453	-	453
- Foreign exchange and interest rate	134	-	134	-	134
	752	-	752	-	752
Debts issued and borrowings	4,990	-	5,044	-	5,044
Total financial liabilities	164,673	-	164,732	-	164,732

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

Unit : Million Baht					
The Bank					
2020					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
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⁾	114,550	-	77,313	37,321	114,634
Total financial assets	189,880	-	152,587	37,329	189,916

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

Unit : Million Baht

	Carrying amount	The Bank 2020 Fair value			Total
		Level 1	Level 2	Level 3	
<i>Financial liabilities</i>					
Deposits	147,053	-	147,065	-	147,065
Derivatives 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

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.

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.

6. 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 November 8, 2012 and May 7, 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 December 31, 2021 and 2020, the consolidated supervision and the Bank's total capital funds could be categorised as follows:

	Unit : Thousand Baht	
	Consolidated supervision	
	2021	2020
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	2,015,000
Retained earnings after appropriations	13,163,782	11,084,302
Other comprehensive income	265,582	230,504
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(945,584)	(960,454)
Total Tier 1 capital	34,555,531	32,426,103
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,793,948	2,769,324
Total Tier 2 capital	7,793,948	7,769,324
Total capital funds	42,349,479	40,195,427
Total risk-weighted assets	234,279,885	231,501,689

	BOT's minimum requirement ⁽¹⁾	Consolidated supervision		2020
		2021	BOT's minimum requirement ⁽¹⁾	
		(%)		
Capital ratio				
Total capital to total risk-weighted assets	11	18.08	11	17.36
Tier 1 capital to total risk-weighted assets	8.5	14.75	8.5	14.01
Tier 1 common equity to total risk-weighted assets	7	14.75	7	14.01
Tier 2 capital to total risk-weighted assets	-	3.33	-	3.35

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

	Unit : Thousand Baht	
	2021	2020
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	2,015,000
Retained earnings after appropriations	9,811,534	8,762,924
Other comprehensive income	316,297	218,572
Less Capital deduction items on CET1	(509,030)	(377,060)
Total Tier 1 capital	31,715,401	30,701,036
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,295,401	2,292,301
Total Tier 2 capital	7,295,401	7,292,301
Total capital funds	39,010,802	37,993,337
Total risk-weighted assets	190,253,366	190,008,023

	BOT's minimum requirement ⁽¹⁾	The Bank		2020
		2021	BOT's minimum requirement ⁽¹⁾	
		(%)		
Capital ratio				
Total capital to total risk-weighted assets	11	20.50	11	20.00
Tier 1 capital to total risk-weighted assets	8.5	16.67	8.5	16.16
Tier 1 common equity to total risk-weighted assets	7	16.67	7	16.16
Tier 2 capital to total risk-weighted assets	-	3.83	-	3.84

⁽¹⁾ Includes capital conservation buffer as required by BOT commencing January 1, 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 May 7, 2019, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at December 31, 2020 in the Bank's website, www.icbethai.com, under Financial Report section on April 30, 2021. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group as at December 31, 2021 within April 2022.

According to Bank of Thailand notification number For Gor (12) Wor 1030/2562 dated July 10, 2019, the Bank is required to disclose regulatory capital and capital ratio after deducting capital add-on arising from Single Lending Limit. As at December 31, 2021 and 2020, 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 in accordance with Laws and the credit rating.

7. ESTIMATE AND ASSUMPTION

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Bank and its subsidiaries' management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

7.1 Impairment

The Bank and its subsidiaries' balance assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. The asset balances with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

7.2 Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future and the Bank and its subsidiaries have assessed it to be probable that the Bank and its subsidiaries will generate taxable income sufficient to fully utilize the tax losses that exist.

7.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Bank and its subsidiaries determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Bank and its subsidiaries' considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 8.18.

Past service cost related to the plan amendment is recognised as an expense in the statement of profit or loss and comprehensive income when the plan amendment is effective.

7.4 Significant increase in credit risk

As explained in Note 3.5, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank and its subsidiaries takes into account qualitative and quantitative reasonable and supportable forward-looking information.

7.5 Fair value measurements

Some of the Bank and its subsidiaries' assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Bank and its subsidiaries use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Bank and its subsidiaries use other observable information either directly or indirectly.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 5.

8. ADDITIONAL INFORMATION

8.1 Addition information of cash flows

8.1.1 Non-cash transactions for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Properties for sale from debt repayment	669	727	-	-
Amortisation of deferred interest	936	850	175	177

8.1.2 Changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated			Unit : Million Baht
	Balance as at January 1, 2021	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	Balance as at December 31, 2021
Debt issued and borrowings	44,551	4,276	(183)	48,644
Total	44,551	4,276	(183)	48,644

Unit : Million Baht

	Consolidated			Balance as at December 31, 2020
	Balance as at January 1, 2020	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	37,248	6,934	369	44,551
Total	37,248	6,934	369	44,551

(1) Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

(2) Other changes were arisen from deferred interest expenses and accumulated amortisation of transaction costs relating to debentures.

Unit : Million Baht

	The Bank			Balance as at December 31, 2021
	Balance as at January 1, 2021	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	4,988	-	2	4,990
Total	4,988	-	2	4,990

Unit : Million Baht

	The Bank			Balance as at December 31, 2020
	Balance as at January 1, 2020	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	4,987	-	1	4,988
Total	4,987	-	1	4,988

(1) Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

(2) Other changes were arisen from deferred interest expenses and accumulated amortisation of transaction costs relating to debentures.

8.1.3 Realised and unrealised gains (losses) on foreign exchange

In the preparation of cash flows statements, realised gains (losses) on foreign exchange are based on a cash basis. Unrealised gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

8.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at December 31, 2021 and 2020 consists of the following:

	Unit : Million Baht				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 2021 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	340	340
Interbank and money market items, net	-	-	-	64,219	64,219
Derivative assets	404	-	-	-	404
Investments, net	-	38,262	496	36,812	75,570
Loans to customers and accrued interest receivables, net	-	-	-	158,744	158,744
Receivables on credit support for derivative contracts	-	-	-	86	86
Total	404	38,262	496	260,201	299,363
<i>Financial liabilities</i>					
Deposit	-	-	-	158,928	158,928
Interbank and money market items	-	-	-	53,634	53,634
Liability payables on demand	-	-	-	228	228
Derivative liabilities	752	-	-	-	752
Debts issued and borrowings	-	-	-	48,644	48,644
Payables on credit support for derivative contracts	-	-	-	46	46
Total	752	-	-	261,480	262,232

Unit : Million Baht

	Consolidated 2020				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	442	442
Interbank and money market items, net	-	-	-	31,650	31,650
Derivative assets	1,348	-	-	-	1,348
Investments, 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
Liability payables 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

Unit : Million Baht

	The Bank 2021				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	339	339
Interbank and money market items, net	-	-	-	63,769	63,769
Derivative assets	404	-	-	-	404
Investments, net	-	38,262	496	36,812	75,570
Loans to customers and accrued interest receivables, net	-	-	-	107,455	107,455
Receivables on credit support for derivative contracts	-	-	-	86	86
Total	404	38,262	496	208,461	247,623

Unit : Million Baht

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	The Bank 2021 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Financial liabilities					
Deposits	-	-	-	158,931	158,931
Interbank and money market items	-	-	-	53,384	53,384
Liability payables on demand	-	-	-	228	228
Derivative liabilities	752	-	-	-	752
Debts issued and borrowings	-	-	-	4,990	4,990
Payables on credit support for derivative contracts	-	-	-	46	46
Total	752	-	-	217,579	218,331

Unit : Million Baht

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	The Bank 2020 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Financial assets					
Cash	-	-	-	441	441
Interbank and money market items, net	-	-	-	31,409	31,409
Derivative assets	1,348	-	-	-	1,348
Investments, 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

Financial liabilities

Deposits	-	-	-	147,053	147,053
Interbank and money market items	-	-	-	37,453	37,453
Liability payables 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

8.3 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at December 31, 2021 and 2020 consists of the following:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Domestic items				
Bank of Thailand	2,630,169	1,812,518	2,630,169	1,812,518
Commercial banks	34,300,806	11,545,703	33,942,416	11,406,950
Specialized financial institutions	14,680,635	8,681,017	14,680,000	8,680,000
Other financial institutions	3,473,850	2,116,000	3,473,850	2,116,000
Total	55,085,460	24,155,238	54,726,435	24,015,468
<u>Add</u> Accrued interest receivables and undue interest receivables	4,399	2,220	4,394	2,219
<u>Less</u> Allowance for expected credit loss	(13,328)	(14,295)	(13,328)	(14,295)
Total domestic items, net	55,076,531	24,143,163	54,717,501	24,003,392
Foreign items				
US Dollar	7,414,981	6,683,450	7,324,189	6,582,106
Renminbi	1,548,378	795,682	1,548,378	795,682
Euro	141,303	41,492	141,303	41,492
Hong Kong Dollar	29,569	12,455	29,569	12,455
Other currencies	65,453	30,256	65,453	30,256
Total	9,199,684	7,563,335	9,108,892	7,461,991
<u>Add</u> Accrued interest receivables and undue interest receivables	38,146	30,458	38,146	30,458
<u>Less</u> Allowance for expected credit loss	(95,279)	(86,706)	(95,279)	(86,706)
Total foreign items, net	9,142,551	7,507,087	9,051,759	7,405,743
Total domestic and foreign items, net	64,219,082	31,650,250	63,769,260	31,409,135

8.4. Derivatives

8.4.1 Derivatives held for trading

The fair value and the notional amount classified by types of risks as at December 31, 2021 and 2020 are as follows:

Types of risks	Unit : Thousand Baht					
	Consolidated			and the Bank		
	2021		Notional amount ⁽¹⁾	2020		Notional amount ⁽¹⁾
Fair value Assets	Fair value Liabilities	Fair value Assets		Fair value Liabilities		
Foreign exchange	163,706	164,686	27,732,085	464,260	104,507	37,637,645
Interest rate	32,784	14,668	3,210,419	927	40,221	4,340,426
Foreign exchange and interest rate	39,758	134,070	6,642,546	882,754	543,988	19,817,046
Total	236,248	313,424	37,585,050	1,347,941	688,716	61,795,117

⁽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.

Counterparties	Consolidated and The Bank	
	2021	2020
Financial institutions	98.10	99.58
Corporations	1.90	0.42
Total	100.00	100.00

8.4.2 Derivatives held for hedging

As at December 31, 2021 and 2020, fair value and notional amounts classified by type of risk are as follows:

Types of risks	Unit : Thousand Baht		
	Consolidated and the Bank		
	2021		
	Assets	Fair value Liabilities	Notional Amount ⁽¹⁾
Interest rate			
- Fair value hedge	126,386	438,649	29,578,665
- Cash flow hedge	40,896	-	3,341,990
Total	167,282	438,649	32,920,655

(1) The value based on the contractual amount

Types of risks	Unit : Thousand Baht		
	Consolidated and the Bank		
	2020		
	Assets	Fair value Liabilities	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

Hedge accounting methodology

Fair value hedge

The Bank use 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 and loans receivables where their fair value amount, attributable to the hedged risk as at December 31, 2021 and 2020 are Baht 29,789 million and Baht 18,167 million, respectively. These arose ineffectiveness which recognised loss in the profit or loss for the years ended December 31, 2021 and 2020 in amounted of Baht 0.01 million and Baht 2 million, respectively.

Cash flow hedge

The Bank use 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 for the consolidated and the Bank which is recognised as gain in other component of equity as at December 31, 2021 in amount of Baht 41 million and is recognised as loss in other component of equity as at December 31, 2020 in amount of 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.

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.

8.5 Investments, net

8.5.1 Classified by types of investments as at December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht			
	Consolidated and the Bank			
	2021		2020	
<i>Investments in debt instruments measured at AMC</i>	AMC		AMC	
Domestic private debt securities	12,169,770		9,181,171	
Foreign private debt securities	24,673,360		26,193,621	
	<u>36,843,130</u>		<u>35,374,792</u>	
<u>Less</u> Allowance for expected credit loss	(30,938)		(29,054)	
Total	<u>36,812,192</u>		<u>35,345,738</u>	
<i>Investments in debt instruments measured at FVOCI</i>	Fair value		Fair value	
Government and state enterprise securities	33,945,340		32,738,119	
Domestic private debt securities	2,177,005		3,588,725	
Foreign private debt securities	2,139,974		1,994,164	
Total	<u>38,262,319</u>		<u>38,321,008</u>	
Allowance for expected credit loss	(3,397)		(4,720)	

	Unit : Thousand Baht			
	Consolidated and the Bank			
	2021		2020	
	Fair value	Dividend	Fair value	Dividend
<i>Investments in equity instruments designated at FVOCI</i>				
Domestic marketable equity instruments	488,969	6,626	278,270	5,124
Domestic non-marketable equity instruments	7,450	340	7,532	286
Total	<u>496,419</u>	<u>6,966</u>	<u>285,802</u>	<u>5,410</u>
Total investment, net	<u>75,570,930</u>		<u>73,952,548</u>	

The investments in debt instruments are pledged as security on a contract for repurchase agreements. As at December 31, 2021, the investments in debt instruments measured at AMC are pledged in amount of Baht 7,583 million and as at December 31, 2020, the investments in debt instruments measured at AMC are pledged in amount of Baht 1,317 million and the investments in debt instruments measured at FVOCI in amount of Baht 545 million.

8.6 Investments in subsidiaries, net

Investments in subsidiaries as at December 31, 2021 and 2020 are as follows:

Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		The Bank Cost		Dividend income	
		2021	2020	2021	2020	2021	2020	2021	2020
		(%)		(in million Baht)		(in million Baht)		(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	4,250	4,250	-	-
Indirect subsidiaries									
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	99.99	6	6	-	-	-	-
Total						4,250	4,250	-	-

⁽¹⁾ The subsidiaries are incorporated in Thailand

⁽²⁾ The subsidiary is incorporated in Ireland

In January 2020, the ICBC (Thai) Leasing Company Limited (“the Direct subsidiary”), established its subsidiaries, 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 subsidiaries of the Bank. The principal activities of the indirect subsidiaries are life and non-life insurance brokers. The indirect subsidiaries has an authorised capital of Baht 6 million and demand full payment on shares.

8.7 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2021 and 2020 are as follows:

8.7.1 Classified by types of loans

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Overdrafts	464,134	582,549	464,134	582,549
Loans	81,188,382	86,406,928	84,530,407	89,416,214
Notes receivables	19,012,314	21,752,449	19,060,314	23,451,449
Factoring receivables	8,181,862	2,782,011	6,574,855	1,099,527
Hire purchase receivables	51,856,176	48,412,231	-	-
Finance lease receivables	4,715,202	5,323,838	-	-
Total loans to customers	165,418,070	165,260,006	110,629,710	114,549,739
Add Accrued interest receivables and undue interest income	470,620	293,495	527,113	350,069
Total loans to customers and accrued interest receivables	165,888,690	165,553,501	111,156,823	114,899,808
Less allowance for expected credit loss	(7,144,862)	(6,464,308)	(3,701,778)	(2,983,504)
Loans to customers and accrued interest receivables, net	158,743,828	159,089,193	107,455,045	111,916,304

8.7.2 Classified by currencies and residences of customers

	Unit : Thousand Baht					
	Consolidated			The Bank		
	2021		Total	2020		Total
Domestic	Foreign	Domestic		Foreign		
Baht	138,585,332	29,339	138,614,671	139,181,388	28,880	139,210,268
US Dollar	18,730,740	4,378,248	23,108,988	12,850,492	6,280,671	19,131,163
Renminbi	20,922	586,641	607,563	15	859,262	859,277
Euro	301	3,086,547	3,086,848	37	5,090,436	5,090,473
Hong Kong Dollar	-	-	-	-	968,825	968,825
Total ⁽¹⁾	157,337,295	8,080,775	165,418,070	152,031,932	13,228,074	165,260,006

	Unit : Thousand Baht					
	The Bank			The Bank		
	2021		Total	2020		Total
Domestic	Foreign	Domestic		Foreign		
Baht	83,839,901	29,339	83,869,240	88,490,904	28,880	88,519,784
US Dollar	15,345,786	7,720,273	23,066,059	9,797,744	9,313,636	19,111,380
Renminbi	20,922	586,641	607,563	15	859,262	859,277
Euro	301	3,086,547	3,086,848	37	5,090,436	5,090,473
Hong Kong Dollar	-	-	-	-	968,825	968,825
Total ⁽¹⁾	99,206,910	11,422,800	110,629,710	98,288,700	16,261,039	114,549,739

⁽¹⁾ Total loans to customers refer to Note 8.7.1

8.7.3 Classified by stages

The Bank and its subsidiaries have 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		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Loans to customers and accrued interest receivables				
Stage 1	155,194,609	155,779,681	105,941,499	110,636,200
Stage 2 ⁽²⁾	9,740,564	8,255,517	4,941,368	3,438,411
Stage 3	953,517	1,518,303	273,956	825,197
Total ⁽¹⁾	<u>165,888,690</u>	<u>165,553,501</u>	<u>111,156,823</u>	<u>114,899,808</u>

⁽¹⁾ Total loans to customers and accrued interest receivable refer to Note 8.7.1

⁽²⁾ The amount includes additional allowance for expected credit loss of Baht 735 million in the consolidated financial statement recorded at the financial statements of ICBC (Thai) Leasing Company Limited, the direct subsidiaries of the Bank, to account for expected losses arising from hire purchase receivables of Sky High LI Leasing Designated Activity Company Limited, the indirect subsidiaries of the Bank.

As at December 31, 2021 and 2020, the Bank and its subsidiaries have hire purchase receivable as a corporate customer which operates in the infrastructure and services industry relating to transportation amounting to Baht 3,385 million and Baht 3,053 million, respectively. The Bank and its subsidiaries provide financial assistance to the customer in accordance with the relief 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 Bank and its subsidiaries record the allowance for expected credit loss of Baht 735 million and Baht 609 million, respectively and classified the customer in stage 2, in order to reflect credit risk of the customer according to current situation. As at December 31, 2020, such hire purchase receivable is under rehabilitation process and as at December 31, 2021, the rehabilitation plan of the such hire purchase receivable has already been approved. The Bank and its subsidiaries are closely monitoring on those customer's performance.

8.7.4 Classified by business types and stages

	Consolidated			Unit : Thousand Baht
	Stage 1 (Performing)	Stage 2 (Under-performing)	Stage 3 (Non-performing)	Total
Agriculture and mining	1,750,213	1,260	-	1,751,473
Manufacturing and commerce	52,555,576	172,365	19,091	52,747,032
Property development and construction	12,910,484	17,961	136,996	13,065,441
Infrastructure and services	39,466,519	4,702,381	102,659	44,271,559
Housing loans	11,484	1,564	-	13,048
Others ⁽¹⁾	48,073,941	4,814,958	680,618	53,569,517
Total ⁽²⁾	<u>154,768,217</u>	<u>9,710,489</u>	<u>939,364</u>	<u>165,418,070</u>

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

⁽²⁾ Total loans to customers refer to Note 8.7.1

Unit : Thousand Baht

	Consolidated 2020			Total
	Stage 1 (Performing)	Stage 2 (Under- performing)	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⁾	<u>155,500,547</u>	<u>8,250,677</u>	<u>1,508,782</u>	<u>165,260,006</u>

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

⁽²⁾ Total loans to customers refer to Note 8.7.1

Unit : Thousand Baht

	The Bank 2021			Total
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	
Agriculture and mining	1,750,213	1,260	-	1,751,473
Manufacturing and commerce	50,996,569	3,514,390	19,091	54,530,050
Property development and construction	12,910,484	17,961	136,996	13,065,441
Infrastructure and services	39,466,519	1,317,427	102,659	40,886,605
Housing loans	11,484	1,564	-	13,048
Others	379,835	2,200	1,058	383,093
Total ⁽¹⁾	<u>105,515,104</u>	<u>4,854,802</u>	<u>259,804</u>	<u>110,629,710</u>

⁽¹⁾ Total loans to customers refer to Note 8.7.1.

Unit : Thousand Baht

	The Bank 2020			Total
	Stage 1 (Performing)	Stage 2 (Under- performing)	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⁾	<u>110,356,937</u>	<u>3,377,125</u>	<u>815,677</u>	<u>114,549,739</u>

⁽¹⁾ Total loans to customers refer to Note 8.7.1.

8.7.5 Non-performing loans

As at December 31, 2021 and 2020, the Bank used the guidelines specified in the BOT's Notification Number Sor Nor Sor 23/2561, directive dated October 31, 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		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Non-performing loans (net of allowance for expected credit loss)	703,802	1,271,431	255,221	809,616
% of non-performing loans to total loans (net of allowance for expected credit loss) ⁽¹⁾	0.31	0.66	0.15	0.57
Non-performing loans (before deducting allowance for expected credit loss)	939,364	1,508,782	259,804	815,677
% of non-performing loans to total loans (before deducting allowance for expected credit loss) ⁽¹⁾	0.42	0.78	0.15	0.57

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

8.7.6 Loans to subsidiaries

Company's name	Types of loans	Maturity	Interest rate		Amounts principal outstanding	
			2021 (% per annum)	2020	2021 (in million Baht)	2020
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	1.10	1.71	48	199
	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	3,342	3,033
Total					3,390	4,732
<u>Less</u> Allowance for expected credit loss					(735)	(625)
Net					2,655	4,107

8.7.7 Modified loans to customers

During the year ended December 31, 2021 and 2020, the Bank and its subsidiaries have loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

	Unit: Million Baht Consolidated and the Bank	
	2021	2020
Loans to customers modified during the period ⁽¹⁾		
Amortised cost before modification	1	1
Net modification loss	-	1

⁽¹⁾ This excluded loans to customers modified under relief program as mentioned in Note 8.35. There is no modification gain (loss) on these groups of customers.

As at December 31, 2021 and 2020, the Bank and its subsidiaries have no commitment to addition lending to customer after troubled debt restructurings.

8.8 Allowance for expected credit losses

Movements of allowance for expected credit losses as at December 31, 2021 and 2020 are as follows:

	Consolidated 2021			Unit : Thousand Baht
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Interbank and money market items				
As at January 1, 2021	101,001	-	-	101,001
Changes from remeasurement of ECL	(6,151)	-	-	(6,151)
Purchased or acquired	34,083	-	-	34,083
Derecognition during the year	(20,326)	-	-	(20,326)
As at December 31, 2021	108,607	-	-	108,607
Investments in debt instruments				
As at January 1, 2021	33,774	-	-	33,774
Changes from stage reclassification	(2,023)	2,023	-	-
Changes from remeasurement of ECL	(510)	(1,009)	-	(1,519)
Purchased or acquired	11,117	-	-	11,117
Derecognition during the year	(9,037)	-	-	(9,037)
As at December 31, 2021	33,321	1,014	-	34,335
Loans to customers				
As at January 1, 2021	3,557,671	2,669,286	237,351	6,464,308
Changes from stage reclassification	117,389	(143,780)	26,391	-
Changes from remeasurement of ECL	126,908	323,887	511,175	961,970
Acquired during the year	571,427	58,083	13,492	643,002
Derecognition	(299,389)	(72,182)	(50,593)	(422,164)
Write-off allowance for expected credit loss	-	-	(502,254)	(502,254)
As at December 31, 2021	4,074,006	2,835,294	235,562	7,144,862
Loan commitments and financial guarantee contracts				
As at January 1, 2021	287,656	6,041	22	293,719
Changes from stage reclassification	(30)	(3,139)	3,169	-
Changes from remeasurement of ECL	(86,015)	1,161	(3,169)	(88,023)
New loan commitments and financial guarantee contracts issued	114,354	22	-	114,376
Derecognition during the year	(59,428)	(127)	-	(59,555)
As at December 31, 2021	256,537	3,958	22	260,517

Unit : Thousand Baht

	Consolidated 2020			Total
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	
Interbank and money market items				
As at January 1, 2020	121,963	-	-	121,963
Changes from remeasurement of ECL	(21,786)	-	-	(21,786)
Purchased or acquired	6,044	-	-	6,044
Derecognition during the year	(5,220)	-	-	(5,220)
As at December 31, 2020	101,001	-	-	101,001
Investments in debt instruments				
As at January 1, 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 during the year	(6,163)	(925)	-	(7,088)
As at December 31, 2020	33,774	-	-	33,774
Loans to customers				
As at January 1, 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
Acquired during the period	671,459	94,935	27,966	794,360
Derecognition during the year	(316,403)	(74,870)	(130,866)	(522,139)
Write-off allowance for expected credit loss	-	-	(1,095,818)	(1,095,818)
As at December 31, 2020	3,557,671	2,669,286	237,351	6,464,308
Loan commitments and financial guarantee contracts				
As at January 1, 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 during the year	(13,373)	(45)	(42)	(13,460)
As at December 31, 2020	287,656	6,041	22	293,719

Unit : Thousand Baht

	The Bank 2021			Total
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	
Interbank and money market items				
As at January 1, 2021	101,001	-	-	101,001
Changes from remeasurement of ECL	(6,151)	-	-	(6,151)
Purchased or acquired	34,083	-	-	34,083
Derecognition during the year	(20,326)	-	-	(20,326)
As at December 31, 2021	108,607	-	-	108,607
Investments in debt instruments				
As at January 1, 2021	33,774	-	-	33,774
Changes from stage reclassification	(2,023)	2,023	-	-
Changes from remeasurement of ECL	(510)	(1,009)	-	(1,519)
Purchased or acquired	11,117	-	-	11,117
Derecognition during the year	(9,037)	-	-	(9,037)
As at December 31, 2021	33,321	1,014	-	34,335
Loans to customers				
As at January 1, 2021	2,317,049	660,394	6,061	2,983,504
Changes from stage reclassification	(772)	(754)	1,526	-
Changes from remeasurement of ECL	337,386	147,488	55,474	540,348
Acquired during the period	504,321	15,236	318	519,875
Derecognition during the year	(260,928)	(22,224)	(730)	(283,882)
Write-off allowance for expected credit loss	-	-	(58,067)	(58,067)
As at December 31, 2021	2,897,056	800,140	4,582	3,701,778
Loan commitments and financial guarantee contracts				
As at January 1, 2021	287,656	6,041	22	293,719
Changes from stage reclassification	(30)	(3,139)	3,169	-
Changes from remeasurement of ECL	(86,015)	1,161	(3,169)	(88,023)
New loan commitments and financial guarantee contracts issued	114,354	22	-	114,376
Derecognition during the year	(59,428)	(127)	-	(59,555)
As at December 31, 2021	256,537	3,958	22	260,517

Unit : Thousand Baht

	The Bank 2020			
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Interbank and money market items				
As at January 1, 2020	121,963	-	-	121,963
Changes from remeasurement of ECL	(21,786)	-	-	(21,786)
Purchased or acquired	6,044	-	-	6,044
Derecognition during the year	(5,220)	-	-	(5,220)
As at December 31, 2020	101,001	-	-	101,001
Investments in debt instruments				
As at January 1, 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 during the year	(6,163)	(925)	-	(7,088)
As at December 31, 2020	33,774	-	-	33,774
Loans to customers				
As at January 1, 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
Acquired during the period	381,711	8,415	15	390,141
Derecognition during the year	(138,709)	(4,220)	(41,973)	(184,902)
Write-off allowance for expected credit loss	-	-	(652,377)	(652,377)
As at December 31, 2020	2,317,049	660,394	6,061	2,983,504
Loan commitments and financial guarantee contracts				
As at January 1, 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 during the year	(13,373)	(45)	(42)	(13,460)
As at December 31, 2020	287,656	6,041	22	293,719

8.9 Hire purchase and financial lease receivables

As at December 31, 2021 and 2020, 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 and the interest is charged at floating or fixed rates as specified in the contracts.

Unit : Million Baht				
Consolidated 2021				
	Periods due for payments			Total
	Less than 1 year	1 - 5 years	Over 5 years	
Total of gross investments in the lease	14,537	41,173	7,493	63,203
<u>Less</u> Deferred revenue ⁽¹⁾	<u>(2,275)</u>	<u>(4,108)</u>	<u>(248)</u>	<u>(6,631)</u>
Present value of the minimum lease payments	<u>12,262</u>	<u>37,065</u>	<u>7,245</u>	56,572
<u>Less</u> Allowance for expected credit loss				<u>(3,407)</u>
Hire purchase and finance lease receivables, net				<u>53,165</u>

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

Unit : Million Baht				
Consolidated 2020				
	Periods due for payments			Total
	Less than 1 year	1 - 5 years	Over 5 years	
Total of gross investments in the lease	13,960	38,757	7,667	60,384
<u>Less</u> Deferred revenue ⁽¹⁾	<u>(2,238)</u>	<u>(4,121)</u>	<u>(289)</u>	<u>(6,648)</u>
Present value of the minimum lease payments	<u>11,722</u>	<u>34,636</u>	<u>7,378</u>	53,736
<u>Less</u> Allowance for doubtful accounts				<u>(3,446)</u>
Hire purchase and finance lease receivables, net				<u>50,290</u>

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

8.10 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 as at December 31, 2021 and 2020 are as follows:

Types of properties foreclosed	Consolidated					Portion subject to disposal restrictions, buy-back rights or first refusal rights
	Beginning balance	Additions	Disposals	Ending balance	2021	
Assets transferred in settlement of debts						
- Immovable properties	661,484	-	(299,847)	361,637 ⁽¹⁾		29,146
- Movable assets	135,653	668,823	(693,762)	110,714		-
Total	797,137	668,823	(993,609)	472,351		29,146
Assets from auction bidding						
- Immovable properties	83,320	-	(4,610)	78,710		-
- Movable assets	8,540	-	-	8,540		-
Total	91,860	-	(4,610)	87,250		-
Total properties foreclosed	888,997	668,823	(998,219)	559,601		29,146
<u>Less</u> Allowance for impairment	(580,659)	(340,090)	505,710	(415,039)		(29,146)
Total properties foreclosed, net	308,338	328,733	(492,509)	144,562		-

Types of properties foreclosed	Consolidated					Portion subject to disposal restrictions, buy-back rights or first refusal rights
	Beginning balance	Additions	Disposals	Ending balance	2020	
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
<u>Less</u> Allowance for impairment	(651,076)	(264,201)	334,618	(580,659)		(29,146)
Total properties foreclosed, net	266,208	462,343	(420,213)	308,338		-

⁽¹⁾ As at December 31, 2021 and 2020 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 223 million and Baht 139 million, respectively.

Unit : Thousand Baht

Types of properties foreclosed	The Bank 2021				Portion subject to disposal restrictions, buy-back rights or first refusal rights
	Beginning balance	Additions	Disposals	Ending balance	
Assets transferred in settlement of debts					
- Immovable properties	661,483	-	(299,847)	361,636 ⁽¹⁾	29,146
Total	661,483	-	(299,847)	361,636	29,146
Assets from auction bidding					
- Immovable properties	83,320	-	(4,610)	78,710	-
- Movable assets	8,540	-	-	8,540	-
Total	91,860	-	(4,610)	87,250	
Total properties foreclosed	753,343	-	(304,457)	448,886	29,146
<u>Less</u> Allowance for impairment	(533,888)	(122,052)	270,378	(385,562)	(29,146)
Total properties foreclosed, net	219,455	(122,052)	(34,079)	63,324	-

Unit : Thousand Baht

Types of properties foreclosed	The Bank 2020				Portion subject to disposal restrictions, buy-back rights or first refusal rights
	Beginning balance	Additions	Disposals	Ending balance	
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
<u>Less</u> Allowance for impairment	(598,911)	(14,257)	79,280	(533,888)	(29,146)
Total properties foreclosed, net	233,712	(14,257)	-	219,455	-

⁽¹⁾ As at December 31, 2021 and 2020, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 223 million and Baht 139 million, respectively.

8.11 Premised and equipment, net

Premised and equipment, net as at December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht			
	Consolidated			
	Balance as at January 1, 2021	Additions	Disposals/ decrease	Balance as at December 31, 2021
Cost				
Land	8,500	-	-	8,500
Buildings and buildings improvement	6,892	-	-	6,892
Right-of-use assets	487,492	267,611	(19,808)	735,295
Furniture, fixtures and office equipment	656,418	45,923	(18,070)	684,271
Motor vehicles	88,002	-	-	88,002
Total cost	1,247,304	313,534	(37,878)	1,522,960
Accumulated depreciation				
Buildings and buildings improvement	(2,310)	(203)	-	(2,513)
Right-of-use assets	(97,342)	(102,301)	16,101	(183,542)
Furniture, fixtures and office equipment	(518,713)	(63,227)	18,066	(563,874)
Motor vehicles	(63,424)	(9,481)	-	(72,905)
Total accumulated depreciation	(681,789)	(175,212)	34,167	(822,834)
Total premised and equipment, net	565,515	138,322	(3,711)	700,126

	Unit : Thousand Baht			
	Consolidated			
	Balance as at January 1, 2020	Additions	Disposals/ decrease	Balance as at December 31, 2020
Cost				
Land	8,500	-	-	8,500
Buildings and buildings improvement	6,892	-	-	6,892
Right-of-use assets	-	493,453	(5,961)	487,492
Furniture, fixtures and office equipment	599,494	60,058	(3,134)	656,418
Motor vehicles	91,600	-	(3,598)	88,002
Total cost	706,486	553,511	(12,693)	1,247,304
Accumulated depreciation				
Buildings and buildings improvement	(2,107)	(203)	-	(2,310)
Right-of-use assets	-	(103,303)	5,961	(97,342)
Furniture, fixtures and office equipment	(480,370)	(40,060)	1,717	(518,713)
Motor vehicles	(52,249)	(14,773)	3,598	(63,424)
Total accumulated depreciation	(534,726)	(158,339)	11,276	(681,789)
Total premised and equipment, net	171,760	395,172	(1,417)	565,515

Depreciation for the years ended December 31,
2021
2020

Thousand Baht	175,212
Thousand Baht	158,339

As at December 31, 2021 and 2020, the Bank and its subsidiaries had no motor vehicles under financial leases agreement. The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at December 31, 2021 and 2020 amounting to Baht 482 million and Baht 484 million, respectively.

	Unit : Thousand Baht			
	Balance as at January 1, 2021	The Bank		Balance as at December 31, 2021
		Additions	Disposals/ decrease	
Cost				
Land	8,500	-	-	8,500
Buildings and buildings improvement	6,892	-	-	6,892
Right-of-use assets	402,483	26,107	(15,347)	413,243
Furniture, fixtures and office equipment	504,023	24,699	(12,488)	516,234
Motor vehicles	67,438	-	-	67,438
Total cost	989,336	50,806	(27,835)	1,012,307
Accumulated depreciation				
Buildings and buildings improvement	(2,310)	(203)	-	(2,513)
Right-of-use assets	(63,832)	(70,111)	15,090	(118,853)
Furniture, fixtures and office equipment	(404,645)	(37,997)	12,484	(430,158)
Motor vehicles	(45,213)	(8,875)	-	(54,088)
Total accumulated depreciation	(516,000)	(117,186)	27,574	(605,612)
Total premised and equipment, net	473,336	(66,380)	(261)	406,695

	Unit : Thousand Baht			
	Balance as at January 1, 2020	The Bank		Balance as at December 31, 2020
		Additions	Disposals/ decrease	
Cost				
Land	8,500	-	-	8,500
Buildings and buildings improvement	6,892	-	-	6,892
Right-of-use assets	-	408,444	(5,961)	402,483
Furniture, fixtures and office equipment	463,690	41,873	(1,540)	504,023
Motor vehicles	67,438	-	-	67,438
Total cost	546,520	450,317	(7,501)	989,336
Accumulated depreciation				
Buildings and buildings improvement	(2,107)	(203)	-	(2,310)
Right-of-use assets	-	(69,793)	5,961	(63,832)
Furniture, fixtures and office equipment	(376,251)	(28,517)	123	(404,645)
Motor vehicles	(36,313)	(8,900)	-	(45,213)
Total accumulated depreciation	(414,671)	(107,413)	6,084	(516,000)
Total premised and equipment, net	131,849	342,904	(1,417)	473,336

Depreciation for the years ended December 31,

2021	Thousand Baht	117,186
2020	Thousand Baht	107,413

As at December 31, 2021 and 2020, the Bank had no motor vehicles acquired under financial leases. The gross amount of the Bank's fully depreciated equipment that was still in use as at December 31, 2021 and 2020 amounting to Baht 366 million and Baht 334 million, respectively.

8.12 Intangible assets, net

Intangible assets, net as at December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht				
	Balance as at January 1, 2021	Additions	Consolidated Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2021
Cost					
Computer software	100,866	5,243	-	558	106,667
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	127,616	5,243	-	558	133,417
			-	-	
Accumulated amortisation					
Computer software	(75,006)	(5,002)	-	-	(80,008)
Related customer relationship fee	(21,321)	(2,673)	-	-	(23,994)
Total accumulated amortisation	(96,327)	(7,675)	-	-	(104,002)
Intangible assets, net	31,289	(2,432)	-	558	29,415
Computer software under installation	4,720	1,965	-	(558)	6,127
Total intangible assets	36,009	(467)	-	-	35,542

	Unit : Thousand Baht				
	Balance as at January 1, 2020	Additions	Consolidated Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2020
Cost					
Computer software	400,382	6,377	(308,316)	2,423	100,866
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	427,132	6,377	(308,316)	2,423	127,616
Accumulated amortisation					
Computer software	(378,563)	(4,759)	308,316	-	(75,006)
Related customer relationship fee	(18,640)	(2,681)	-	-	(21,321)
Total accumulated amortisation	(397,203)	(7,440)	308,316	-	(96,327)
Intangible assets, net	29,929	(1,063)	-	2,423	31,289
Computer software under installation	3,143	4,000	-	(2,423)	4,720
Total intangible assets	33,072	2,937	-	-	36,009

Amortisation for the years ended December 31,

2021	Thousand Baht	7,675
2020	Thousand Baht	7,440

Unit : Thousand Baht					
	Balance as at January 1, 2021	Additions	The Bank Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2021
Cost					
Computer software	55,492	-	-	-	55,492
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	82,242	-	-	-	82,242
Accumulated amortisation					
Computer software	(37,543)	(3,232)	-	-	(40,775)
Related customer relationship fee	(21,321)	(2,673)	-	-	(23,994)
Total accumulated amortisation	(58,864)	(5,905)	-	-	(64,769)
Intangible assets, net	23,378	(5,905)	-	-	17,473

Unit : Thousand Baht					
	Balance as at January 1, 2020	Additions	The Bank Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2020
Cost					
Computer software	357,459	5,426	(308,316)	923	55,492
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	384,209	5,426	(308,316)	923	82,242
Accumulated amortisation					
Computer software	(342,760)	(3,099)	308,316	-	(37,543)
Related customer relationship fee	(18,640)	(2,681)	-	-	(21,321)
Total accumulated amortisation	(361,400)	(5,780)	308,316	-	(58,864)
Intangible assets, net	22,809	(354)	-	923	23,378
Computer software under installation	-	923	-	(923)	-
Total intangible assets	22,809	569	-	-	23,378

Amortisation for the years ended December 31,		
2021	Thousand Baht	5,905
2020	Thousand Baht	5,780

8.13 Deferred tax assets

Deferred tax assets and liabilities as at December 31, 2021 and 2020 are as follows:

Unit : Thousand Baht		
Consolidated		
	2021	2020
Deferred tax assets	1,735,072	1,850,717
Deferred tax liabilities	(825,031)	(926,271)
Net	910,041	924,446

Unit : Thousand Baht		
The Bank		
	2021	2020
Deferred tax assets	622,162	562,005
Deferred tax liabilities	(130,605)	(208,323)
Net	491,557	353,682

Movements in total deferred tax assets and liabilities during the years are as follows:

	Unit : Thousand Baht				
	As at January 1, 2021	Consolidated (Charged) / Credited to:		Exchange differences	As at December 31, 2021
		Profit or loss	Other comprehensive income		
<i>Deferred tax assets</i>					
Interbank and money market items	107	88	-	-	195
Derivative assets	131,600	(27,445)	-	-	104,155
Investments	12,690	1,321	-	-	14,011
Loans to customers and accrued interest receivables	525,210	(122,511)	-	-	402,699
Allowance for expected credit loss	285,608	171,611	-	-	457,219
Properties foreclosed	116,132	(33,125)	-	-	83,007
Other assets	605,174	(129,924)	-	-	475,250
Provisions	132,825	3,209	(13,092)	264	123,206
Other liabilities	40,448	628	-	-	41,076
Loss carry forward	64	30,758	-	3,432	34,254
Others	859	-	(859)	-	-
Total	1,850,717	(105,390)	(13,951)	3,696	1,735,072
<i>Deferred tax liabilities</i>					
Investments	(208,323)	110,677	(24,762)	-	(122,408)
Loans to customers and accrued interest receivables	(712,796)	22,677	-	-	(690,119)
Deferred direct costs of debentures	(5,152)	845	-	-	(4,307)
Others	-	-	(8,197)	-	(8,197)
Total	(926,271)	134,199	(32,959)	-	(825,031)
Net	924,446	28,809	(46,910)	3,696	910,041

	Unit : Thousand Baht				
	As at January 1, 2020	Consolidated (Charged) / Credited to:		Exchange differences	As at December 31, 2020
		Profit or loss	Other comprehensive income		
<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

Unit : Thousand Baht

	As at January 1, 2021	The Bank (Charged) / Credited to:		As at December 31, 2021
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets</i>				
Interbank and money market items	107	88	-	195
Derivative assets	131,600	(27,445)	-	104,155
Investments	12,690	1,321	-	14,011
Loans to customers and accrued interest receivables	15,607	2,209	-	17,816
Allowance for expected credit loss	170,605	125,021	-	295,626
Properties foreclosed	106,778	(29,666)	-	77,112
Other assets	445	674	-	1,119
Provisions	119,942	2,048	(13,688)	108,302
Other liabilities	3,372	454	-	3,826
Others	859	-	(859)	-
Total	562,005	74,704	(14,547)	622,162
<i>Deferred tax liabilities</i>				
Investments	(208,323)	110,677	(24,762)	(122,408)
Others	-	-	(8,197)	(8,197)
Total	(208,323)	110,677	(32,959)	(130,605)
Net	353,682	185,381	(47,506)	491,557

Unit : Thousand Baht

	As at January 1, 2020	The Bank (Charged) / Credited to:		As at December 31, 2020
		Profit or loss	Other comprehensive income	
<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	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
<i>Deferred tax liabilities</i>				
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

8.14 Other assets, net

Other assets, net as at December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Prepaid expenses	17,529	22,883	11,096	16,126
Deposit	31,348	22,861	13,255	13,272
Advance payment	551	966	519	934
Others	2,389	4,198	1,860	3,208
Total	51,817	50,908	26,730	33,540

8.15 Deposits

Deposit as at December 31, 2021 and 2020 are as follows:

8.15.1 Classified by types of deposits

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Demand	13,718,351	11,654,945	13,718,574	11,655,276
Savings	25,674,935	18,697,677	25,677,504	18,704,232
Fixed				
- Less than 6 months	34,154,392	34,825,125	34,154,392	34,825,125
- 6 months and less than 1 year	40,249,050	59,005,877	40,249,050	59,005,877
- 1 year and over	45,131,752	22,862,832	45,131,753	22,862,832
Total	158,928,480	147,046,456	158,931,273	147,053,342

8.15.2 Classified by currencies and residences of depositors

	Unit : Thousand Baht					
	Consolidated			The Bank		
	2021		2020	2021		2020
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	145,867,118	4,593,579	150,460,697	137,557,214	3,554,707	141,111,921
US Dollar	4,825,757	266,991	5,092,748	3,056,963	402,569	3,459,532
Renminbi	2,481,968	690,192	3,172,160	1,673,767	547,151	2,220,918
Other currencies	198,178	4,697	202,875	251,470	2,615	254,085
Total	153,373,021	5,555,459	158,928,480	142,539,414	4,507,042	147,046,456

	Unit : Thousand Baht					
	The Bank			The Bank		
	2021		2020	2021		2020
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	145,869,911	4,593,579	150,463,490	137,564,100	3,554,707	141,118,807
US Dollar	4,825,757	266,991	5,092,748	3,056,963	402,569	3,459,532
Renminbi	2,481,968	690,192	3,172,160	1,673,767	547,151	2,220,918
Other currencies	198,178	4,697	202,875	251,470	2,615	254,085
Total	153,375,814	5,555,459	158,931,273	142,546,300	4,507,042	147,053,342

8.16 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) as at December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Domestic items				
Bank of Thailand	470,100	379,500	470,100	379,500
Commercial banks	916,849	1,905,732	666,849	405,732
Specialised financial institutions	215,131	321,392	215,131	321,392
Other financial institutions	1,375,880	1,220,103	1,375,880	1,220,103
Total domestic items	2,977,960	3,826,727	2,727,960	2,326,727
Foreign items				
US Dollar	33,355,436	12,014,840	33,355,435	12,014,840
Renminbi	2,215,671	2,947,826	2,215,671	2,947,826
Euro	14,299,982	19,892,687	14,299,982	19,892,687
Japan Yen	639,405	-	639,405	-
Thai Baht	145,906	270,748	145,907	270,748
Total foreign items	50,656,400	35,126,101	50,656,400	35,126,101
Total domestic and foreign items	53,634,360	38,952,828	53,384,360	37,452,828

8.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2021 and 2020 are as follows:

	Consolidated					
	Maturity	2021		Maturity	2020	
		Interest rate (%)	Amount (Thousand Baht)		Interest rate (%)	Amount (Thousand Baht)
Unsecured debentures	2022 - 2026	0.66 - 2.74	43,653,889	2021 - 2026	0.79 - 2.74	39,562,204
Subordinated debentures ⁽¹⁾	2028	3.50	4,990,190	2028	3.50	4,988,733
Total			48,644,079			44,550,937

	The Bank					
	Maturity	2021		Maturity	2020	
		Interest rate (%)	Amount (Thousand Baht)		Interest rate (%)	Amount (Thousand Baht)
Subordinated debentures ⁽¹⁾	2028	3.50	4,990,190	2028	3.50	4,988,733
Total			4,990,190			4,988,733

(1) Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital (Note 6).

Subordinated debentures

On March 23, 2018, the Bank issued the Subordinated Debenture with no collateral 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.

8.18 Provision for employee benefits

Provision for employee benefits as at December 31, 2021 and 2020 are as follows:

Statement of financial position	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Statement of financial position obligations for:				
<i>Post-employment benefits</i>				
Defined benefit plan	354	370	281	306

Defined benefit plan

The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2562 to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

Present value of the defined benefit obligations	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Beginning	370	302	306	249
Included in profit or loss:				
Current service cost	45	71	32	61
Interest on obligation	4	3	3	2
	49	74	35	63
Included in other comprehensive income				
Actuarial losses (gains)				
- Demographic assumptions	7	-	7	-
- Financial assumptions	(26)	18	(24)	18
- Experience adjustment	(24)	(7)	(29)	(7)
	(43)	11	(46)	11
Benefit paid	(22)	(17)	(14)	(17)
Ending	354	370	281	306

<i>Principal actuarial assumptions</i>	Consolidated		Unit : Percentage The Bank	
	2021	2020	2021	2020
Discount rate	1.09 - 1.42	0.91 - 1.13	1.10	0.91
Future salary growth	4.0 - 5.5	5.50 - 6.00	4.00	6.00
Employee turnover (depends on age bands)	0 - 18	0 - 19	0 - 18	0 - 19

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

As at December 31, 2021 and 2020, the weighted-average duration of the defined benefit obligation was 6.28 years and 6.02 years, respectively.

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>	Unit : Million Baht			
	2021 1% increase in assumption	Consolidated 2020	2021 1% decrease in assumption	2020
Discount rate	(17.45)	(21.35)	19.61	22.18
Future salary growth	18.73	22.55	(17.04)	(20.57)
Employee turnover	(18.53)	(22.69)	10.00	12.18
Future mortality	0.67	0.81	(0.67)	(0.81)

<i>Effect to the defined benefit obligation</i>	Unit : Million Baht			
	2021 1% increase in assumption	Consolidated 2020	2021 1% decrease in assumption	2020
Discount rate	(12.59)	(17.07)	14.08	17.28
Future salary growth	13.52	17.96	(12.36)	(16.46)
Employee turnover	(13.26)	(18.05)	6.69	9.21
Future mortality	0.48	0.64	(0.48)	(0.64)

8.19 Other liabilities

Other liabilities as at December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Other payables	561,401	743,858	210,249	304,686
Advance received from finance lease	147,286	149,917	-	-
Advance received from electronic payment ⁽¹⁾	10,426	32,473	10,426	32,473
Accrued expenses	622,617	522,004	512,244	433,597
Withholding tax payable	35,502	33,773	29,266	28,928
Special business tax payable	30,915	27,219	30,915	27,219
Corporate income tax payable	332,413	223,729	253,777	184,330
Others	389,850	254,833	318,007	181,509
Total	2,130,410	1,987,806	1,364,884	1,192,742

⁽¹⁾ According to the BOT Notification number Sor Nor Chor 2/2562 dated December 20, 2019, regarding "Regulations on Service Business relating to Electronic Fund Transfer (EFT)"

8.20 Offsetting of financial assets and financial liabilities

Offsetting of financial assets and financial liabilities as at December 31, 2021 and 2020 are as follows:

Unit : Million Baht

Consolidated and the Bank					
2021					
	Gross amount	Amount offset in statement of financial position	Amount presented in statement of financial position	Amounts not offset in statement of financial position eligible for offsetting per contracts	Net amount
Financial assets					
Reverse sale-and-repurchase	48,480	-	48,480	(48,480)	-
Derivative assets	232	-	232	(46)	186
Total	48,712	-	48,712	(48,526)	186
Financial liabilities					
Sale-and-repurchase	7,295	-	7,295	(7,295)	-
Derivative liabilities	177	-	177	(86)	91
Total	7,472	-	7,472	(7,381)	91

Unit : Million Baht

Consolidated and the Bank					
2020					
	Gross amount	Amount offset in statement of financial position	Amount presented in statement of financial position	Amounts not offset in statements of financial position 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 as at December 31, 2021 and 2020 are as follows:

Unit : Million Baht					
Consolidated 2021					
Type of financial instruments	Amount presented in statement of financial position	Items in statement of financial position	Notes	Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
<i>Financial assets</i>					
Reverse sale-and-repurchase	48,480	Interbank and money market items	8.3	64,219	15,739
Derivative assets	232	Derivative assets	8.4	404	172
Total	48,712			64,623	15,911
<i>Financial liabilities</i>					
Sale-and-repurchase	7,295	Interbank and money market items	8.16	53,634	46,339
Derivative liabilities	177	Derivative liabilities	8.4	752	575
Total	7,472			54,386	46,914

Unit : Million Baht					
Consolidated 2020					
Type of financial instruments	Amount presented in statement of financial position	Items in statement of financial position	Notes	Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
<i>Financial assets</i>					
Reverse sale-and-repurchase	19,410	Interbank and money market items	8.3	31,650	12,240
Derivative assets	754	Derivative assets	8.4	1,348	594
Total	20,164			32,998	12,834
<i>Financial liabilities</i>					
Sale-and-repurchase	2,028	Interbank and money market items	8.16	38,953	36,925
Derivative liabilities	601	Derivative liabilities	8.4	1,562	961
Total	2,629			40,515	37,886

Unit : Million Baht					
The Bank 2021					
Type of financial instruments	Amount presented in statement of financial position	Items in statement of financial position	Notes	Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
<i>Financial assets</i>					
Reverse sale-and-repurchase	48,480	Interbank and money market items	8.3	63,769	15,289
Derivative assets	232	Derivative assets	8.4	404	172
Total	48,712			64,173	15,461

Unit : Million Baht					
Type of financial instruments	Amount presented in statement of financial position	The Bank 2021		Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
		Items in statement of financial position	Notes		
<i>Financial liabilities</i>					
Sale-and-repurchase	7,295	Interbank and money market items	8.16	53,384	46,089
Derivative liabilities	177	Derivative liabilities	8.4	752	575
Total	7,472			54,136	46,664

Unit : Million Baht					
Type of financial instruments	Amount presented in statement of financial position	The Bank 2020		Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
		Items in statement of financial position	Notes		
<i>Financial assets</i>					
Reverse sale-and-repurchase	19,410	Interbank and money market items	8.3	31,409	11,999
Derivative assets	754	Derivative assets	8.4	1,348	594
Total	20,164			32,757	12,593
<i>Financial liabilities</i>					
Sale-and-repurchase	2,028	Interbank and money market items	8.16	37,453	35,425
Derivative liabilities	601	Derivative liabilities	8.4	1,562	961
Total	2,629			39,015	36,386

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 measured at amortised cost.

8.21 Share capital

8.21.1 Share capital

	Par Value (in Baht)	Consolidated and the Bank			
		2021		2020	
		Number	Amount	Number	Amount
<i>Authorised</i>					
At the end of the years					
- 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

	Par Value (in Baht)	Consolidated and the Bank			
		2021		2020	
		Number	Amount	Number	Amount
		(thousand shares/thousand Baht)			
<i>Issued and paid-up</i>					
At the beginning of the years					
- 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 years					
- 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>

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.

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 8.21.2)) all rights will be suspended until the Bank has sold the repurchased shares to other persons as stipulated in the Public Companies Act.

8.21.2 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 May 11 - 30, 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 (June 13, 2019).

As at December 31, 2021, 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.

8.22 Reserve and other components of shareholders' equity

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 April 27, 2021, the Annual General Meeting of Shareholder No.28 of year 2021 resolved to approve 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.

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.

8.23 Contingent liabilities and commitments

Contingent liabilities and commitments as at December 31, 2021 and 2020 are as follows:

8.23.1 Commitments

	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Avals to bills and guarantees of loans	882	869	882	869
Letter of credit	128	697	128	697
Other contingencies				
- Overdraft undrawn committed line	1,037	1,155	1,067	1,185
- Other guarantees	28,733	25,689	28,733	25,689
- Others	8,533	5,944	8,533	5,944
Total	39,313	34,354	39,343	34,384

8.23.2 Contingent liabilities from litigations

As at December 31, 2021 and 2020, there was no contingent liabilities in connection with court cases which the Bank and its subsidiaries have been sued as a defendant in the Court.

8.24 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 subsidiaries of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiaries of the Bank
ICBC (Thai) Insurance Broker Company Limited	Thailand	An indirect subsidiaries of the Bank
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 - 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
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

Name of entities	Country of incorporation/ nationality	Nature of relationships
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 Bank and its subsidiaries

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

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

	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
<i>Interbank and money market items (assets)</i>				
Parent company	2,128	1,130	2,372	1,028
Other related parties	135	340	135	340
<i>Derivative assets (fair value)</i>				
Parent company	63	157	63	157
Other related parties	82	361	82	361
<i>Investments in subsidiaries</i>				
Subsidiaries	-	-	4,250	4,250
<i>Loans to customers and accrued interest receivables, net</i>				
Subsidiaries	-	-	2,711	4,164
Key management personnel	-	1	-	1
<i>Deposits</i>				
Subsidiaries	-	-	3	7
Key management personnel	104	85	104	85
<i>Interbank and money market items (liabilities)</i>				
Parent company	33,832	30,891	33,832	30,891
Other related parties	31	83	31	83
<i>Derivative liabilities (fair value)</i>				
Parent company	346	714	346	714
Other related parties	206	213	206	213
<i>Accrued interest payables</i>				
Parent company	84	90	84	90

	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Off-financial reporting items				
Other guarantees				
Parent company	10,766	4,079	10,766	4,079
Subsidiaries	-	-	30	30
Other related parties	63	36	63	36
Forward exchange contracts-bought (notional amounts)				
Parent company	6,776	4,566	6,776	4,566
Other related parties	5,448	6,928	5,448	6,928
Forward exchange and interest rate contracts (notional amounts)				
Parent company	2,804	7,770	2,804	7,770
Other related parties	-	1,907	-	1,907
Interest rate swap contracts (notional amounts)				
Parent company	8,313	7,337	8,313	7,337
Other related parties	8,945	4,594	8,945	4,594

Industrial and Commercial Bank of China Limited - Hong Kong had issued a Standby L/C as the Bank' required to be 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. The obligation is under Standby L/C as at December 31, 2021 by amounting to US Dollar 498 million (equivalent to Baht 16,643 million) and as at December 31, 2020 by amounting to US Dollar 620 million (equivalent to Baht 18,623 million).

Significant transactions for the years ended December 31, 2021 and 2020 with related parties were as follows:

	Consolidated		Unit : Million Baht The Bank	
	2021	2020	2021	2020
Parent company				
Interest income	12	9	12	9
Interest expense	221	587	221	587
Fee income	8	17	8	17
Fee expense	30	45	30	45
Related parties				
Interest income	4	14	4	14
Fee income	13	7	13	7
Subsidiaries				
Interest income	-	-	22	113
Fee income	-	-	3	3
Other Income	-	-	4	-
Related persons				
Interest expense	1	1	1	1
Key management personnel				
Key management personnel compensation				
- Short-term employee benefits	149	169	116	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.

8.25 Operating segment and disaggregation of revenue

Operating segment is presented in respect of the Bank and its subsidiaries' business segments. The primary format in segment information report is based on the Bank and its subsidiaries' management and internal reporting structure.

8.25.1 The Bank and its subsidiaries' 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 Bank and its subsidiaries for the years ended December 31, 2021 and 2020 are as follows:

	Unit : Million Baht				
	Banking business	Hire purchase, finance lease and factoring business	Consolidated 2021 Total	Elimination entries	Total
Net interest income	4,017	1,729	5,746	-	5,746
Net fees and service income	290	385	675	(3)	672
Net losses on financial instrument measured at FVTPL	(207)	-	(207)	-	(207)
Other operating income	327	603	930	-	930
Other operating expenses	(1,796)	(926)	(2,722)	3	(2,719)
Profit before expected credit loss	2,631	1,791	4,422	-	4,422
Expected credit loss	(752)	(323)	(1,075)	-	(1,075)
Profit from operation before income tax	1,879	1,468	3,347	-	3,347
Income tax	(361)	(334)	(695)	-	(695)
Profit for the year	1,518	1,134	2,652	-	2,652

	Unit : Million Baht				
	Consolidated 2021				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
Financial position as at December 31, 2021					
Total assets	253,732	56,769	310,501	(7,702)	302,799
Total liabilities	220,878	48,532	269,410	(3,452)	265,958

	Unit : Million Baht				
	Consolidated 2020				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
Net interest income	3,638	1,557	5,195	-	5,195
Net fees and service income	424	489	913	(3)	910
Net losses on financial instrument measured at FVTPL	(364)	-	(364)	-	(364)
Other operating income	285	358	643	-	643
Other operating expenses	(1,654)	(913)	(2,567)	3	(2,564)
Profit before expected credit loss	2,329	1,491	3,820	-	3,820
Expected credit loss	(717)	(127)	(844)	-	(844)
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 December 31, 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

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

As at December 31, 2021 and 2020, the consolidated financial position classified by domestic and foreign business were as follows:

	Unit : Million Baht			
	Consolidated 2021			
	Domestic business	Foreign Business	Elimination entries	Total
Total assets	307,719	2,782	(7,702)	302,799
Interbank and money market items ,net (Assets)	64,128	91	-	64,219
Investments, net ⁽¹⁾	75,571	-	-	75,571
Loans to customers and accrued interest receivables, net	159,493	2,650	(3,399)	158,744
Deposits	158,928	-	-	158,928
Interbank and money market items (Liabilities)	53,634	3,399	(3,399)	53,634
Debt issued and borrowings	48,644	-	-	48,644

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

Unit : Million Baht

	Consolidated			Total
	Domestic business	Foreign Business	Elimination entries	
Total assets	270,666	2,753	(3,089)	270,330
Interbank and money market items,net (Assets)	31,549	101	-	31,650
Investments, net ⁽¹⁾	73,953	-	-	73,953
Loans to customers and accrued interest receivables, net	159,534	2,644	(3,089)	159,089
Deposits	147,046	-	-	147,046
Interbank and money market items (Liabilities)	38,953	3,089	(3,089)	38,953
Debt issued and borrowings	44,551	-	-	44,551

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

The results of the consolidated operations classified by domestic and foreign business for the years ended December 31, 2021 and 2020 were as follows:

Unit : Million Baht

	Consolidated				Consolidated			
	2021			Total	2020			Total
Domestic business	Foreign business	Elimination entries	Domestic business		Foreign business	Elimination entries		
Interest income	8,451	15	(8)	8,458	8,993	89	(90)	8,992
Interest expenses	(2,712)	(8)	8	(2,712)	(3,797)	(90)	90	(3,797)
Net interest income	5,739	7	-	5,746	5,196	(1)	-	5,195
Net fees and service income	672	-	-	672	910	-	-	910
Net losses on financial instrument at FVTPL	(207)	-	-	(207)	(364)	-	-	(364)
Other operating income	930	-	-	930	643	-	-	643
Other operating expenses	(2,719)	-	-	(2,719)	(2,564)	-	-	(2,564)
Expected credit loss	(821)	(254)	-	(1,075)	(460)	(384)	-	(844)
Profit from operations before income tax	3,594	(247)	-	3,347	3,361	(385)	-	2,976

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

8.26 Interest income

Interest income for the years ended December 31, 2021 and 2020 are as follows:

Unit : Thousand Baht

	Consolidated		The Bank	
	2021	2020	2021	2020
Interbank and money market items	456,589	500,140	456,448	500,062
Investments in debt instruments	1,797,622	1,935,575	1,797,622	1,935,575
Loans to customers and factoring	3,764,489	4,237,758	3,696,347	4,270,776
Hire purchase and finance leases	2,438,445	2,315,153	92	63
Others	1,166	3,458	1,166	3,458
Total	8,458,311	8,992,084	5,951,675	6,709,934

8.27 Interest expenses

Interest expenses for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Deposits	1,107,458	1,767,532	1,107,505	1,767,560
Interbank and money market items	287,752	794,546	281,450	771,218
Contributions to Deposit Protection				
Agency and Bank of Thailand	368,783	356,127	368,783	356,127
Debt issued - debentures	927,940	862,465	175,000	175,479
Debentures fee expense	19,814	16,264	1,740	1,764
Total	2,711,747	3,796,934	1,934,478	3,072,148

8.28 Net fees and service income

Net fees and service income for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
<i>Fees and service income</i>				
Acceptances, avals and guarantees	258,304	398,113	258,304	398,113
Letter of credit fee	15,349	9,103	15,349	9,103
Hire purchase and finance leases	77,029	76,125	-	-
Life and non-life insurance	82,037	399,585	371	583
Others	373,760	128,938	117,796	115,997
Total fees and service income	806,479	1,011,864	391,820	523,796
Fees and service expense	(134,323)	(101,625)	(102,123)	(99,150)
Net fees and service income	672,156	910,239	289,697	424,646

8.29 Net losses on financial instruments measured at FVPL

Net losses on financial instruments measured at FVPL for the years ended December 31, 2021 and 2020 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Foreign currencies and foreign currency related derivatives	(206,655)	(366,301)	(206,474)	(366,161)
Gains on hedge accounting	15	1,832	15	1,832
Total	(206,640)	(364,469)	(206,459)	(364,329)

8.30 Net gains on investments

Net gains on investments for the years ended December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht Consolidated and the Bank	
	2021	2020
Investments measured at FVOCI	2	1,927
Investments measured at AMC	7,195	7,658
Total	7,197	9,585

8.31 Directors' remuneration

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

8.32 Expected credit loss

Expected credit loss for the years ended December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht Consolidated	
	2021	2020
Interbank and money market items	7,606	(20,961)
Investment in debt instruments measured at FVOCI	(1,323)	1,134
Investment in debt instruments measured at AMC	1,884	(7,596)
Loans to customers and accrued interest receivables	1,099,881	1,146,054
Loan commitments and financial guarantee contracts	(33,202)	(275,718)
Loss on modification	344	1,432
Total	1,075,190	844,345

	Unit : Thousand Baht The Bank	
	2021	2020
Interbank and money market items	7,606	(20,961)
Investment in debt instruments measured at FVOCI	(1,323)	1,134
Investment in debt instruments measured at AMC	1,884	(7,596)
Loans to customers and accrued interest receivables	776,340	1,018,929
Loan commitments and financial guarantee contracts	(33,202)	(275,718)
Loss on modification	344	1,432
Total	751,649	717,220

8.33 Income taxes

Income taxes for the years ended December 31, 2021 and 2020 are as follows:

8.33.1 Income tax recognised in profit or loss

	Consolidated		Unit : Thousand Baht The Bank	
	2021	2020	2021	2020
Current tax expense				
Current years	769,818	354,838	546,090	206,153
Under (over) provided in prior years	(46,027)	44,427	103	156
	<u>723,791</u>	<u>399,265</u>	<u>546,193</u>	<u>206,309</u>
Deferred tax expense				
Movements in temporary differences	(28,809)	192,130	(185,381)	40,602
	<u>(28,809)</u>	<u>192,130</u>	<u>(185,381)</u>	<u>40,602</u>
Total income tax expense	<u>694,982</u>	<u>591,395</u>	<u>360,812</u>	<u>246,911</u>

Reconciliation of effective tax rate

	Consolidated			
	2021	2020		
	Rate	<i>(in thousand Baht)</i>	Rate	<i>(in thousand Baht)</i>
Profit before income tax expense	20	3,347,117	20	2,976,566
Income tax using the Thai corporation tax rate		669,423		595,313
Non - taxable income		(15,085)		(75,886)
Expense not deductible for tax purpose		67,485		774
Additional deductible expense for tax purposes ⁽²⁾		(668)		(55,692)
Under (over) provided in prior years		(46,027)		44,427
Income tax of the indirect subsidiaries that is not taxable		19,854		82,459
Total	21 ⁽¹⁾	694,982	20 ⁽¹⁾	591,395

⁽¹⁾ Effective tax rate

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

	The Bank			
	2021	2020		
	Rate	<i>(in thousand Baht)</i>	Rate	<i>(in thousand Baht)</i>
Profit before income tax expense	20	1,878,792	20	1,613,205
Income tax using the Thai corporation tax rate		375,758		322,641
Non-taxable income		(15,049)		(75,886)
Under provided in prior years		103		156
Total	19 ⁽¹⁾	360,812	15 ⁽¹⁾	246,911

⁽¹⁾ Effective tax rate

8.33.2 Income tax recognised in other comprehensive income

Income tax recognized in other comprehensive income for the years ended December 31, 2021 and 2020 are as follows:

	Unit : Thousand Baht					
	Consolidated					
	Before tax	2021 Tax expense	Net of tax	Before tax	2020 Tax income	Net of tax
Other comprehensive income						
Investment in equity instruments measured at FVOCI	217,581	(43,516)	174,065	(4,369)	873	(3,496)
Investment in debt instruments measured at FVOCI	(95,094)	18,754	(76,340)	(36,906)	29,490	(7,416)
Cash flow hedge reserve	45,280	(9,056)	36,224	(4,293)	859	(3,434)
Actuarial gains (losses) on defined employee benefit plans	42,811	(13,092)	29,719	(11,169)	6,764	(4,405)
Exchange differences on translating foreign operations	(62,648)	-	(62,648)	11,979	-	11,979
Total	147,930	(46,910)	101,020	(44,758)	37,986	(6,772)

	Unit : Thousand Baht					
	The Bank					
	Before tax	2021 Tax expense	Net of tax	Before tax	2020 Tax income	Net of tax
Other comprehensive income						
Investment in equity instruments measured at FVOCI	217,581	(43,516)	174,065	(4,369)	873	(3,496)
Investment in debt instruments measured at FVOCI	(95,094)	18,754	(76,340)	(36,906)	29,490	(7,416)
Cash flow hedge reserve	45,280	(9,056)	36,224	(4,293)	859	(3,434)
Actuarial gains (losses) on defined employee benefit plans	45,791	(13,688)	32,103	(11,169)	6,764	(4,405)
Total	<u>213,558</u>	<u>(47,506)</u>	<u>166,052</u>	<u>(56,737)</u>	<u>37,986</u>	<u>(18,751)</u>

8.34 Basic earnings per share

The calculations of basic earnings per share for the years ended December 31, 2021 and 2020 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:

	Consolidated		The Bank	
	2021	2020	2021	2020
Profit for the years attributable to shareholders of the Bank (in million Baht)	<u>2,652</u>	<u>2,385</u>	<u>1,518</u>	<u>1,366</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)	(2)	(2)	(2)	(2)
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) (Baht)	<u>1.18</u>	<u>1.06</u>	<u>0.67</u>	<u>0.61</u>

8.35 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 and 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. Moreover, the BOT issued the circular regarding “The 3rd phase of helping measure for retail customers under COVID-19 situation” to continue to help customers to give principal and interest repayment holiday for a period not over 6 months.

However, as the current COVID-19 development took turn for the worst, with the outlook of more severe, prolonged, widespread and highly uncertain. The BOT issued the circular, regarding “Guidelines regarding the provision of the financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution)”. Thus, the Bank and its subsidiaries respond the BOT’s policy by relieving the measures until December 31, 2023.

As at December 31, 2021, the Bank and its subsidiaries provided the relief programs to existing customers approximately 20.51% (The Bank: approximately 19.68%) of portfolio, in various segments for loan payment holiday and approximately 0.35% (The Bank: approximately 0.52%) of portfolio are under soft loans programs.

As at December 31, 2020, the Bank and its subsidiaries provided the relief programs to existing customers approximately 13.81% (The Bank: approximately 15.88%) of portfolio, in various segments for loan payment holiday and approximately 0.21% (The Bank: approximately 0.30%) of portfolio are under soft loans programs.

During the years ended December 31, 2021 and 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.

In relation to financial reporting, key concerns are on the application of forward-looking information and pro-cyclicality effect from applying TFRS9 ECL provisioning concept. The BOT in collaboration with the Federation of Accounting Professions announced some guidelines to be applied under these 2-year periods of 2020 and 2021, highlighted:

- Non-NPL modified loans (pre-emptive restructures) can be classified as stage 1 (performing) immediately once they are identified via analysing on customer’ performance and business and found that the customers are able to comply with restructuring conditions, or else they remain at the stage before entering into relief programs;
- NPL modified loans (trouble debt restructures) can be classified as stage 1 (performing) only if they can repay 3 months or 3 periods consecutives dues;
- Revision of effective interest rate (EIR) at the date of modification; and
- As a result of unprecedented circumstance, forward-looking information can be put less weight than historical repayment in ECL provisioning.

8.36 Significant agreements

In November 2021, the subsidiary entered into the non-performing asset sale and purchase agreements with 3 companies which there is the condition that the buyers can request a refund within 90 days on assets that have incomplete documents in accordance with agreed terms, or information provided by the subsidiary is found inaccurate or changed so that management of such non-performing assets are significantly affected. The maturity date was due in February 2022. The subsidiary received cash from sale of such non-performing assets in the total amount of Baht 275 million, divided into assets sold as follows;

- 1) Impaired assets with carrying amount of Baht 319 million, which the subsidiary has recognised a full allowance for impairment loss of these assets. The subsidiary received cash from sold such assets of Baht 32 million. The Bank has already recognised as gains on disposal of other assets in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021.
- 2) Bad debt from hire purchase receivables, which the subsidiary received cash from sold such bad debt of Baht 243 million. The Bank has already recognised as bad debt recovery in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2021.

As at February 16, 2022, the amount requested by the buyers to cancel due to incomplete documents according to the agreed terms is Baht 0.50 million or 0.18% of the total cash received from sale.

However, on March 8, 2022, the subsidiary entered into the amendment agreements with 2 companies to extend the period of return of non-performing assets for another 90 days, which will be due on May 17, 2022.

8.37 Reclassifications

Certain reclassifications have been made in the consolidated and Bank's financial statements for the year ended December 31, 2020, to conform to the classifications used in current year's presentation. Such reclassifications have no effect to previously reported profit for the year, total comprehensive income and shareholders' equity. The reclassifications are as follows:

				Unit : Thousand Baht
Consolidated				
<i>The consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020</i>				
Account	Previous presentation	Current presentation	Amount	
Fee and service income	Interest income	Fee and service income	103,166	
Bad debt recovered	Expected credit loss	Bad debt recovered	83,384	
 <i>The consolidated statement of cash flows for the year ended December 31, 2020</i>				
Previous classification	Amount	Current classification	Amount	
Lease liabilities	Operating activities (86,791)	Repayment for lease liabilities	Financing activities (94,062)	
		Other liabilities	Operating activities 7,271	
				Unit : Thousand Baht
The Bank				
<i>The Bank's statement of profit or loss and other comprehensive income for the year ended December 31, 2020</i>				
Account	Previous presentation	Current presentation	Amount	
Fee and service income	Interest income	Fee and service income	103,166	
 <i>The Bank's statement of cash flows for the year ended December 31, 2020</i>				
Previous classification	Amount	Current classification	Amount	
Lease liabilities	Operating activities (55,424)	Repayment for lease liabilities	Financing activities (62,647)	
		Other liabilities	Operating activities 7,223	

8.38 Events after the reporting period

Issuance of short-term debentures

During January 2022 to March 29, 2022, the subsidiary issued short-term debenture 3 tranches, which are unsubordinated and unsecured short-term debentures without debenture holders' representative in the name registered certificate, with total face value of Baht 5,600 million offered to institutional investors with the maturity dates 32 to 92 days which interest rate was discount rate according to market rate at issue date. Moreover, short-term debentures with face value of Baht 6,300 million had already been settled on their maturity dates during such period.

Issuance of long-term debentures

During January 2022 to March 29, 2022, the subsidiary issued long-term debenture 3 tranches, which are unsubordinated and unsecured long-term debentures without debenture holders' representative in the name registered certificate, with total face value of Baht 3,020 million offered to institutional investors carrying interest rate ranging from 0.86% to 1.52% per annum with the maturity range 1 to 3 years. Moreover, long-term debentures with face value of Baht 1,500 million had already been settled on their maturity dates during such period.

8.39 Approval of the financial statements

These financial statements have been approved for issuance by the Board of Directors on March 29, 2022.