


ICBC  **中国工商银行** (泰国)

ธนาคารไอซีบีซี (ไทย)



SUSTAINABLE BANKING

YOUR GLOBAL PARTNER
YOUR RELIABLE BANK

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED
ANNUAL REPORT 2021



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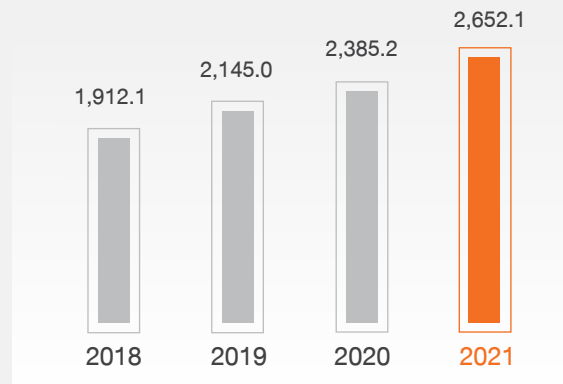
GENERAL INFORMATION

FINANCIAL HIGHLIGHTS

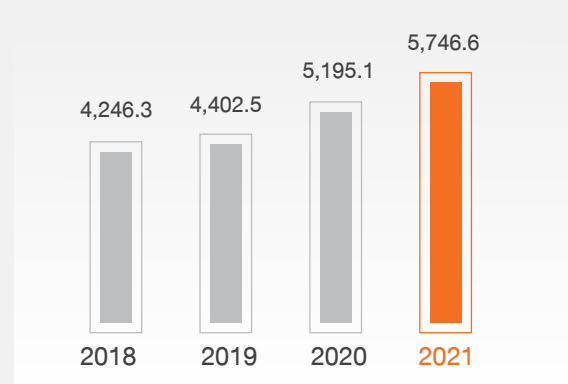
	2021	2020	2019	2018
Consolidated				
Financial position (Million Baht)				
Loans to customers and accrued interest receivables, net	158,744	159,089	149,085	138,254
Interbank and money market items, net	64,219	31,650	26,285	11,713
Investments, net	75,571	73,953	72,119	74,747
Total assets	302,799	270,330	251,731	228,826
Deposits	158,928	147,046	129,820	102,139
Total liabilities	265,958	236,281	219,731	199,153
Total equity	36,840	34,049	32,000	29,673
Performance results (Million Baht)				
Net interest income	5,747	5,195	4,403	4,246
Net fees and service income	672	910	900	729
Gain on disposals of equipment, properties foreclosed and other assets	340	236	27	25
Bad debts recovered	522	335	273	320
Losses on properties foreclosed (NPA) and other assets	(304)	(207)	(512)	(61)
Net losses on financial instruments measured at FVTPL	(207)	(364)	-	-
Total other operating expenses (excluded losses on NPA)	(2,416)	(2,357)	(2,257)	(2,130)
Expected credit loss, bad debts, doubtful accounts and impairment losses	(1,075)	(844)	(108)	(1,350)
Net profit after tax	2,652	2,385	2,145	1,912
Financial ratio (%)				
Return on average assets (ROA)	0.93	0.91	0.89	0.88
Return on average equity (ROE)	7.48	7.22	6.96	6.63
Capital adequacy ratio (%)	18.08	17.36	17.00	16.90
Basic earnings per share (baht)	1.18	1.06	0.95	0.85
Book value per share (baht)	16.34	15.10	14.20	13.15

FINANCIAL HIGHLIGHTS (Consolidated)

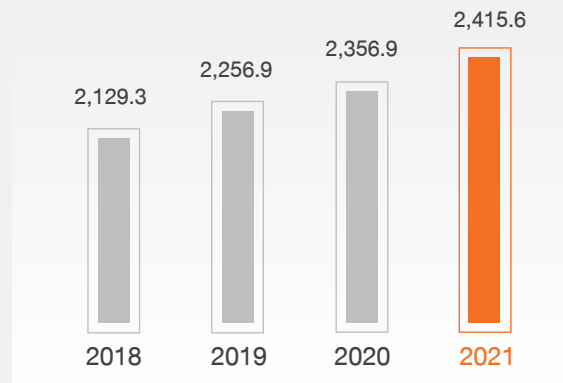
Net Profit
(Million baht)



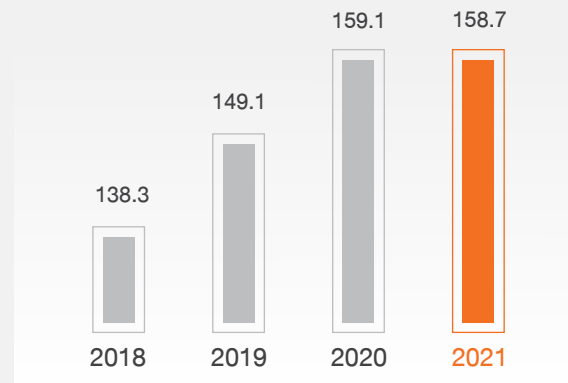
Net Interest Income
(Million baht)



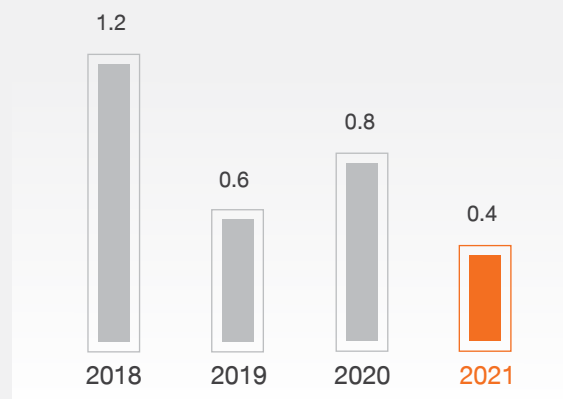
**Total Other Operating Expenses
(Excluded Losses on NPA)**
(Million baht)



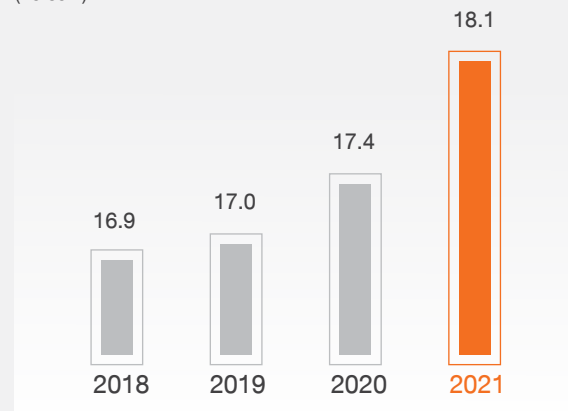
**Loans to Customers and Accrued
Interest Receivables, Net**
(Billion baht)



NPL Ratio
(Percent)



Capital Adequacy Ratio
(Percent)



MESSAGE FROM THE CHAIRMAN ON SUSTAINABILITY



Dear All Shareholders and
Valued Customers,

Industrial and Commercial Bank of China (Thai) Public Company Limited aims to be a financial institution that is a part of the mechanism driving the economy of the country and a responsible organization thus the Bank has established the Sustainable Banking Policy and Responsible Financing Policy that focus on operating its business with respect for the environment, society and governance for the best interest of the stakeholders as well as mitigating various risks which will strengthen the Bank's financial position and ultimately the Thai financial institution system.

In 2021, most countries around the world still had to face a tremendous challenge from the spread of COVID-19 affecting the economies, societies and daily lives of people across the globe. ICBC (Thai) Group recognized these difficulties thus initiated many adjustments to its management and operations so that it would be able to continue operations at maximum efficiency amid the ever changing situation. ICBC (Thai) Group strives to offer the best services to its customers and during this difficult period it places importance on assisting all stakeholder groups.

The ICBC (Thai) Group treats its customers with fairness and equality using technology and innovation to improve the provision of financial products and services to its customers as well as strictly protecting the customers' personal data. In addition, the ICBC (Thai) Group supports the COVID-19 financial assistance measure in order to lessen the burdens of customers who were affected by the pandemic through the payment holiday program and other relaxation measures.

Furthermore, ICBC (Thai) Group recognizes the importance of the increasing environmental problem thus promotes the provision of green financing.

ICBC (Thai) Group believes that its staff are an integral part of its organization, therefore, ICBC (Thai) Group takes good care of its staff, arranges for regular staff development training, provides welfare/work balance for the betterment of their lives so that ICBC (Thai) Group would be an pleasant place of work.

Moreover, the ICBC (Thai) Group recognizes the importance of being a responsible financial service provider thus it regularly promotes basic financial knowledge to the public in order for the Thai people to have financial discipline. ICBC (Thai) Group is confident that the aforementioned activities will create mutual benefits between ICBC (Thai) Group and its stakeholders as well as the Thai public at large and ultimately will help promote economic and social developments in the long term which is the aim sustainable development so that people can live together in harmony.



Mr. Yimin Hu

Chairman of the Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Dear All Shareholders and Valued Customers,

The year 2021 was another year that the spread of COVID-19 was still prevalent across the globe with mutation to new variants which many countries had to face larger waves of the pandemic. This persistent of the pandemic has a steep impact on the world economic recovery. Furthermore, there are other factors pressuring the recovery such as high inflation and the surge of large commodity prices.

In 2021, the Thai economy was significantly affected by the COVID-19 situation especially the Delta variant resulting in the restriction of many economic activities under the government's strict control measures. However, the government had accelerated vaccination to strengthen the immune systems of people in the country as well as issuing new economic stimulus programs to enhance the consumers' purchasing power, assist business operators who were affected by the pandemic and support the tourism industry. Moreover, the Bank of Thailand had decided to maintain the policy interest rate at 0.5% for the whole year as a stimulus which helped the economic recovery towards the end of 2021 headed by a surge in the country's export sector as its trade partners' economies were recovering as well as the opening up of the country since 1 November 2021. This resulted in an economic growth of 1.6%, a significant growth from the negative growth of 6.2% in 2020. Nevertheless, at the beginning of 2022, the Thai economy was affected again with the spread of the new Omicron variant causing concerns to the direction of the economy as inflation seems to be on an up-trend in the first quarter of 2022 induced by high energy and food prices.

Last year, ICBC (Thai) Group was successful in reaching its overall targets in terms of performance and growth, risk control and management with its prudent management aiming and stable long-term growth together with fair treatment to its customers. In 2021, the ICBC (Thai) Group had a net profit of THB 2,652 million, an increase of 11% from the previous year, which increased from both net interest income and non-interest income. ICBC (Thai) Group's assets at the end of 2021 were THB 302,799 million, or increased 12%, mostly from transactions between the Bank and money markets as well as investments. While, loans to customers slightly decreased, due in part to the uncertain economic condition from the spread of COVID-19 so ICBC (Thai) Group had taken a more cautious position on loan approvals as part of its risk mitigation. However, for its current debtors who had been affected by the COVID-19 situation, ICBC (Thai) Group had provided various measures to assist them in line with the guidelines of the Bank of Thailand to help alleviate their burdens and so that could resume normal business operations.


ICBC (Thai) Group is one of the Thai financial institutions which was able to effectively manage its credit risk. As of the end of 2021, Gross NPL and net NPL ratios were low at 0.42% and 0.31% respectively. BIS ratio was at 18.08% high enough to support future growth. Moreover, for the past 10 years, ICBC (Thai) Bank and ICBC (Thai) Leasing Co., Ltd. were able to retain the highest credit rating of AAA(thai) for National Long-Term Rating from Fitch Ratings Thailand Limited attesting its strong financial position.

For the strategies in 2022, ICBC (Thai) Group still adheres to its principle of prudent management by controlling risk, focusing on growth of the same business sectors and industries as the policy of the Thai government and being the bridge between Thailand's and China's economies. The Bank has been participating in the EEC since 2017 as ICBC China had been appointed as the Finance and Investment Advisor to the EEC which it is ready to promote investments as well as financial supports to Chinese investors who are interested in target industries according to the Thailand 4.0's initiative to operate within the EEC project.

For international trade, cross border trading between Thailand and China has been growing continuously over the years and China has been one of the most important trade partners of Thailand, therefore, as the Bank was appointed as the RMB Clearing Bank in Thailand, it places importance on liquidity, currency exchange for trade settlement risk management and international trade services in order to promote the use of RMB as the settlement currency. This will help reduce cost and risk from currency exchange for operators as well as facilitating international transactions. Meanwhile, Regional Comprehensive Economic (RCEP) which took effect on 1 January 2022 will become one of the largest free-trade zones in the world and likely to significantly boost the trading volume between Thailand and China and other member countries in the future.

At the same time, ICBC (Thai) Group has been developing various products and services by adopting new technologies that are highly secure and widely used in China and in countries where ICBC has branches to be adapted within the ICBC (Thai) Group. Thus, the Bank is confident that the ICBC (Thai) Group is able to offer products and services that are technologically advanced, secure and fast to its customers.

As the Chief Executive Officer, I would like to take this opportunity to offer my sincere appreciation to our shareholders, customers and all stakeholders who have placed your trust in ICBC (Thai) Group and have given your continued support. Moreover, I would like to thank the Boards of Directors, management and all employees for their determination, dedication, professionalism and adherence to corporate governance. Lastly, I look forward to continually serving you with the best of our service.



Mr. Xiaobo Li
Chief Executive Officer

THE BOARD OF DIRECTORS





01

Mr. Yimin Hu

Age 55 years

Position

Chairman of the Board of Directors

Education

MBA, Tsinghua University

Experience

2021-Present Chairman of the Board of Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Director, ICBC (Asia) • 2019-Present Director, ICBC (Wealth Management) • 2018-Present Senior Expert and Accredited Non-Executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • 2018-Present Director, Chinese Mercantile Bank • 2018-Present Director, ICBC Asset Management (Global) • 2005-2018 Deputy General Manager of Institutional Banking Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

02

Mr. Xiaobo Li

Age 47 years

Position

Authorized Director • Chief Executive Officer • Chairman of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • Chairman of the Board of Directors, ICBC (Thai) Leasing Company Limited

Education

MBA, Huazhong Technology University

Experience

February 2021-Present Authorized Director/Chief Executive Officer/ Chairman of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2021-Present Chairman of the Board of Directors, ICBC (Thai) Leasing Company Limited • 2016-2020 General Manager, Executive Director, Chairman of Risk Management Committee, Internal Control & Compliance & AML Committee, Asset & Liability Management Committee, IT Committee, New Product Committee, ICBC Brazil S.A. • January 2016-November 2017 Non-Executive Director, ICBC Peru S.A. • 2011-2016 President ICBC Poland Branch

Shareholding (%)

None

03

Dr. Prasit Damrongchai

Age 81 years

Position

Independent Director • Chairman of the Nomination, Compensation and Corporate Governance Committee

Education

PhD, Political Science, University of Oklahoma, USA • National Defence College (Class 388)

Experience

2006-Present Independent Director/Chairman of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-Present Independent Director/Vice Chairman/Chairman of the Audit Committee, Dhipaya Insurance Plc. • September 2020-Present Independent Director/Vice Chairman/Chairman of the Audit Committee, Dhipaya Group Holdings Plc. • 2004-2011 Director, Dhipaya Insurance Plc. • 2005-2006 Director/Executive Director, Thai Airways International Plc. • 2004-2006 Director/Executive Director, Krung Thai Bank Plc.

Shareholding (%)

None

04

Ms. Ladda Siriwanakosol

Age 65 years

Position

Independent Director • Chairperson of the Audit Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

MBA, Thammasart University

Experience

2019-Present Independent Director/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-Present Independent Director/Chairperson of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2017 Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • July 2020-Present Independent Director/Member of the Audit Committee/Vice Chairperson/Chairperson of Remuneration Committee/Member of Risk Management Committee, Pace Development Corporation Plc. • 2011-July 2020 Independent Director/Chairperson of the Audit Committee, Pace Development Corporation Plc. • 2004-2006 Chief of Credit Officer/Executive Vice President, Chief of Credit Corporate Strategy Group, TMB Bank Plc.

Shareholding (%)

None

05

Dr. Verapong Chaiperm

Age 56 years

Position

Independent Director • Chairman of the Group Risk Supervision and Internal Control Committee

Education

PhD. Eng, Environmental Engineering, Asian Institute of Technology (AIT)

Experience

2020-Present Independent Director/Chairman of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2019-2020 Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2021-Present Chairman of the Board of Directors, Digital Government Development Agency • 2020-2021 Special Advisor, Industrial Development, Eastern Economic Corridor Office of Thailand • 2019-Present Authorized Director/Vice Chairman of the Board of Director/Chairman of the Executive Committee, Proud Real Estate Public Company Limited • 2018-2019 Chief Expert in Targeted Industries, Eastern Economic Corridor Office of Thailand • 2012-2018 Governor, Industrial Estate Authority of Thailand • 2011-2012 Deputy Governor (Corporate Strategy and Finance), Industrial Estate Authority of Thailand • 2008-2011 Deputy Governor (Industrial Port), Industrial Estate Authority of Thailand

Shareholding (%)

None

06

Mr. Yong Hu

Age 47 years

Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Quantitative Economics, Shanghai University of Finance Economics

Experience

September 2018-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • May 2020-Present Director, ICBC Investment • May 2019-Present Non-Executive Supervisor, ICBC Technology • June 2018-Present Director, ICBC Moscow • January 2018-Present Expert and Accredited Non-Executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • June 2015-January 2018 Head of Internal Audit of Department, Audit Responsible Person of ICBC-AXA LIFE, ICBC-AXA LIFE • June 2012-June 2015 Head of Board of Supervisors Office, Industrial and Commercial Bank of China Limited, H.O. • February 2006-June 2012 Deputy Head of Board of Supervisors Office, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

07

Ms. Jing Jin
Age 48 years
Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Statistics, Renmin University of China

Experience

2021-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2021-Present Expert, Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • 2009-2021 Head of Public Release Div., Management Information Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

08

Dr. Shuxian Cui
Age 54 years
Position

Authorized Director • Member of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

PhD, Statistics, Renmin University of China

Experience

January 2022-Present Member of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee/Senior Executive Vice President, in charge of Finance and Strategy Division, Risk Management Division, Banking Operations Division, Credit Approved Department and Asset Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • October 2021-Present Authorized Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2013-2021 Deputy Country Head, ICBC Seoul Branch • January 2009-January 2013 Section Chief, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

09

Mr. Yang Liu
Age 43 years
Position

Authorized Director • Member of the Executive Committee

Education

Master of Economics, Peking University, CFA

Experience

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, in charge of Branch Banking Division, Information Technology Division and System & Product Innovation Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2018-2020 Director, Finansia Syrus Securities Public Company Limited • 2015-2016 Head of Service & Support Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2014-2016 Head of Overseas Business Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2011-2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2009-2011 Senior Manager of Marketing Division, E-Banking Department, Industrial and Commercial Bank of China Limited

Shareholding (%)

None

10

Pol.Gen. Werapong Chuenpagdee
Age 64 years
Position

Independent Director • Member of the Audit Committee

Education

Master of Public Administration, Chulalongkorn University • Master of Development Administration, National Institute of Development Administration • Bachelor of Public Administration, Royal Police Cadet Academy • National Defence Course, National Defence Studies Institute (Class 52)

Experience

2017-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-2017 Independent Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2018-Present Independent Director/Chairman of the Audit Committee, Tribeca Enterprise Co., Ltd. • 2017-2018 Special Advisor, Royal Thai Police • 2017-2018 Chairman of the Board of Directors, Strega Plc. • 2017-Present Chairman of the Board of Directors, Arinsiri Land Co., Ltd. • 2017-Present Authorized Director, Triton Holding Plc. • 2015-Present Independent Director, Richland Property Development Co., Ltd. • 2016-2017 Assistant Commissioner-General, Royal Thai Police • 2015-2016 Commissioner of Provincial Police Region 9, Royal Thai Police • 2014-Present Independent Director/Member of Audit Committee/Chairman of the Good Corporate Governance Committee, Country Group Holding Plc. • 2014-2015 Commissioner of Provincial Police Region 7, Royal Thai Police • 2013-2014 Deputy Commissioner of Provincial Police Region 4, Royal Thai Police • 2011-Present Independent Director/Chairman of the Audit Committee, Thai Hua Rubber Plc. • 2011-Present Director, Fusin Mining Industry (Thailand) Co., Ltd. • 2011-Present Consultant, Thai Industries Association • 2010-2016 Director, Country Group Securities Plc. • 2010-Present Independent Director/Chairman of the Audit Committee, the Sing Sian Yee Pao Daily News Co., Ltd. • 2009-Present Independent Director/Member of the Audit Committee, Country Group Development Plc. • 2002-Present Director, Boonyachinda Foundation for Thai Royal Police and Family

Shareholding (%)

None

11

Mr. Apinetr Unakul
Age 54 years
Position

Independent Director • Member of the Audit Committee

Education

Master of Software and System Engineering, Boston University, MA, USA

Experience

October 2020-Present, Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • July 2020-Present, Independent Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-Present, Director, Silicon Craft Technology PLC • 2019-2020 Independent Director, Zanegrowth Co., Ltd. • 1992-2018, Associate Professor, King Mongkut's University of Technology Ladkrabang

Shareholding (%)

None

SENIOR EXECUTIVES





01

Mr. Xiaobo Li

Age 47 years

Position

Chief Executive Officer, Chairman of the Executive Committee, Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited, Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited

Education

MBA, Huazhong Technology University

Experience

February 2021-Present, Chief Executive Officer/Chairman of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2021-Present, Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited • 2016-2020, General Manager, Executive Director, Chairman of Risk Management Committee, Internal Control & Compliance & AML Committee, Asset & Liability Management Committee, IT Committee, New Product Committee, ICBC Brazil S.A. • January 2016-November 2017, Non-Executive Director, ICBC Peru S.A. • 2011-2016, President, ICBC Poland Branch

Shareholding (%)

None

02

Mr. Yong Chen

Age 53 years

Position

Senior Executive Vice President, Industrial and Commercial Bank of China (Thai) Public Company Limited • Director and President of ICBC (Thai) Leasing Company Limited

Education

Master Degree in Management at Hefei University of Technology • Bachelor Degree in Management at Zhongnan University of Economics and Law

Experience

2018-Present Senior Executive Vice President, Industrial and Commercial Bank of China (Thai) Public Company Limited, Director and President of ICBC (Thai) Leasing Company Limited • 2020-2021 Director, ICBC (Thai) Insurance Broker Co., Ltd. • 2018-Present Director, Sky High Li Leasing Designated Activity Co., Ltd. • 2016-2018 President, ICBC Anqing Branch • 2011-2016 Deputy General Manager, Credit Management Department/Personal Banking Department, ICBC Anhui Provincial Branch • 2007-2011 Deputy President of ICBC Huainan Branch • 2002-2007 Division Head of Retail Banking, Real Estate Financing Department, ICBC Anhui Branch

Shareholding (%)

None

03

Dr. Shuxian Cui

Age 54 years

Position

Senior Executive Vice President • Member of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

PhD, Statistics, Renmin University of China

Experience

January 2022-Present Member of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee/Senior Executive Vice President, in charge of Finance and Strategy Division, Risk Management Division, Banking Operations Division, Credit Approval Department and Asset Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2013-2021 Deputy Country Head, ICBC Seoul Branch • January 2009-January 2013 Section Chief, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

04

Mr. Yang Liu

Age 43 years

Position

Senior Executive Vice President • Member of the Executive Committee

Education

Master of Economics, Peking University, CFA

Experience

2017-Present Member of the Executive Committee/Senior Executive Vice President, in charge of Branch Banking Division, Information Technology Division and System & Product Innovation Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2018-2020 Director, Finansia Syrus Securities Public Company Limited • 2015-2016 Head of Service & Support Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2014-2016 Head of Overseas Business Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2011-2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Department, Industrial and Commercial Bank of China Limited • 2009-2011 Senior Manager of Marketing Division, E-Banking Department, Industrial and Commercial Bank of China Limited.

Shareholding (%)

None

05

Mr. Yongmin Tang

Age 48 years

Position

Senior Executive Vice President • Member of the Executive Committee

Education

BA, Finance and Banking, Shanxi Institute of Finance and Economics, P.R. China

Experience

March 2021-Present Senior Executive Vice President, in charge of Chinese Business Center Division, Global Markets Division and Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2017-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • June 2017-Present Senior Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2015-June 2017 Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-February 2015 Executive Vice President, Deputy Head of Division, Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2012-December 2014 Executive Vice President, Deputy Head of Division, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-2011 Deputy General Manager, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • 2005-2007 Division Head, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • August 2012-March 2015 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None

06

Ms. Suree Wipatakanok

Age 58 years

Position

Senior Executive Vice President • Member of the Executive Committee

Education

BA, Business Administration, Ramkhamhaeng University

Experience

March 2021-Present Senior Executive Vice President, in charge of Corporate Banking Division; Head of Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2019-2021 Senior Executive Vice President, Head of Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2019 Executive Vice President, Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Executive Vice President, Corporate Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2006 Senior Vice President, Credit & Marketing-Medium Enterprise Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2004 Vice President/Head of Commercial Sales Department, Bank of Asia Public Company Limited • 2006-2012 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None

07

Ms. Chittavadee Sangthong

Age 49 years

Position

Executive Vice President, Head of Branch Banking Division

Education

MBA, Financial Management, National Institute of Development Administration

Experience

December 2021-Present Executive Vice President, Head of Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2020-November 2021 Executive Vice President; Head of Consumer Sales and Distribution Department, CIMB Thai Bank Plc. • October 2019-August 2021 Executive Vice President; Head of SME and Head of Credit Center, Commercial Banking Department, CIMB Thai Bank Plc. • June 2018-September 2019 Executive Vice President; Head of Credit Center, Commercial Banking Group, CIMB Thai Bank Plc. • March 2017-May 2018 Executive Vice President; Head of Medium Business, Commercial Banking Group, CIMB Thai Bank Plc. • December 2013-February 2017 Executive Vice President; Head of Credit and Risk Analytics, Wholesale Banking Group, CIMB Thai Bank Plc.

Shareholding (%)

None

08

Mr. Xiaowei Zhao

Age 41 years

Position

Executive Vice President, Head of Global Markets Division

Education

MBA, Beijing Normal University

Experience

March 2019-Present Executive Vice President, Global Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • December 2016-March 2019 Senior Vice President, Global Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • November 2011-August 2016 Chief Manager of Treasury Department, Industrial and Commercial Bank of China, Tokyo Branch • June 2006-November 2011 Senior Marketing Manager of Global Markets Department, Industrial and Commercial Bank of China, H.O.

Shareholding (%)

None

09

Ms. Suwimol Itthiputh

Age 58 years

Position

Executive Vice President, Head of Institution Business Division

Education

MBA, International Business, University of New Haven, Connecticut, USA

Experience

March 2019-Present Executive Vice President, Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2017-March 2019 Senior Vice President, Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2016-March 2017 Senior Vice President, Acting Head of Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2007-January 2016 Senior Vice President, Foreign Exchange and Financial Institution Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

10

Ms. Orapin Sreesangkom

Age 58 years

Position

Executive Vice President, Head of Corporate Secretary & Legal Division, Corporate Secretary

Education

LL.M., Harvard Law School, USA • LL.M. (International Banking Law), Boston University School of Law, USA

Experience

2007-Present Executive Vice President, Corporate Secretary & Legal Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, General Secretariat Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2005 Vice President, Legal and Compliance Department, ACL Securities Company Limited • 2000-2004 Vice President, Capital Markets Legal, SG Asia Credit Securities Co., Ltd. • 1997-2000 Consultant, Linklaters (Thailand) Limited • 1988-1997 Associate, International Legal Counsellors Thailand Limited

Shareholding (%)

None

11

Mr. Som Pisarnsopon

Age 57 years

Position

Executive Vice President, Head of Finance & Strategy Division • Member of the Executive Committee

Education

MS, Industrial Administration, Carnegie-Mellon University, USA

Experience

2018-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-Present Executive Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Strategy and Planning Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Director, ICBC (Thai) Insurance Broker Company Limited. • 2008-Present Director, ICBC (Thai) Leasing Company Limited • 2015-2017 Director, Finansia Syrus Securities Public Company Limited • 2008-2009 Director, ACL Securities Company Limited

Shareholding (%)

None

12

Mr. Wisit Ausawalathong

Age 54 years

Position

Executive Vice President, Head of Information Technology Division

Education

MS, Computer Science, Asian Institute of Technology

Experience

2007-Present Executive Vice President, Information Technology Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007 Senior Vice President, Information Technology Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 1994-2007 Principal Consultant, Temenos (Thailand) Company Limited

Shareholding (%)

None

13

Mr. Seksan Chunserreechai

Age 55 years

Position

Executive Vice President, Head of Risk Management Division, Chief Risk Officer

Education

MBA, Chulalongkorn University

Experience

March 2019-Present Executive Vice President, Chief Risk Officer (CRO) and Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • June 2018-March 2019 Senior Vice President, Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2017-June 2018 Senior Vice President, Acting Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-January 2017 Senior Vice President, Head of Portfolio Risk Management Department, /Acting Head of Credit Risk Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2008-December 2014 First Vice President, Head of Portfolio Risk Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

14

Ms. Araya Watanakun

Age 55 years

Position

Senior Vice President, Acting Head of Banking Operations Division and Head of Central Processing and Operations Department

Education

MBA, Finance, National Institute of Development Administration

Experience

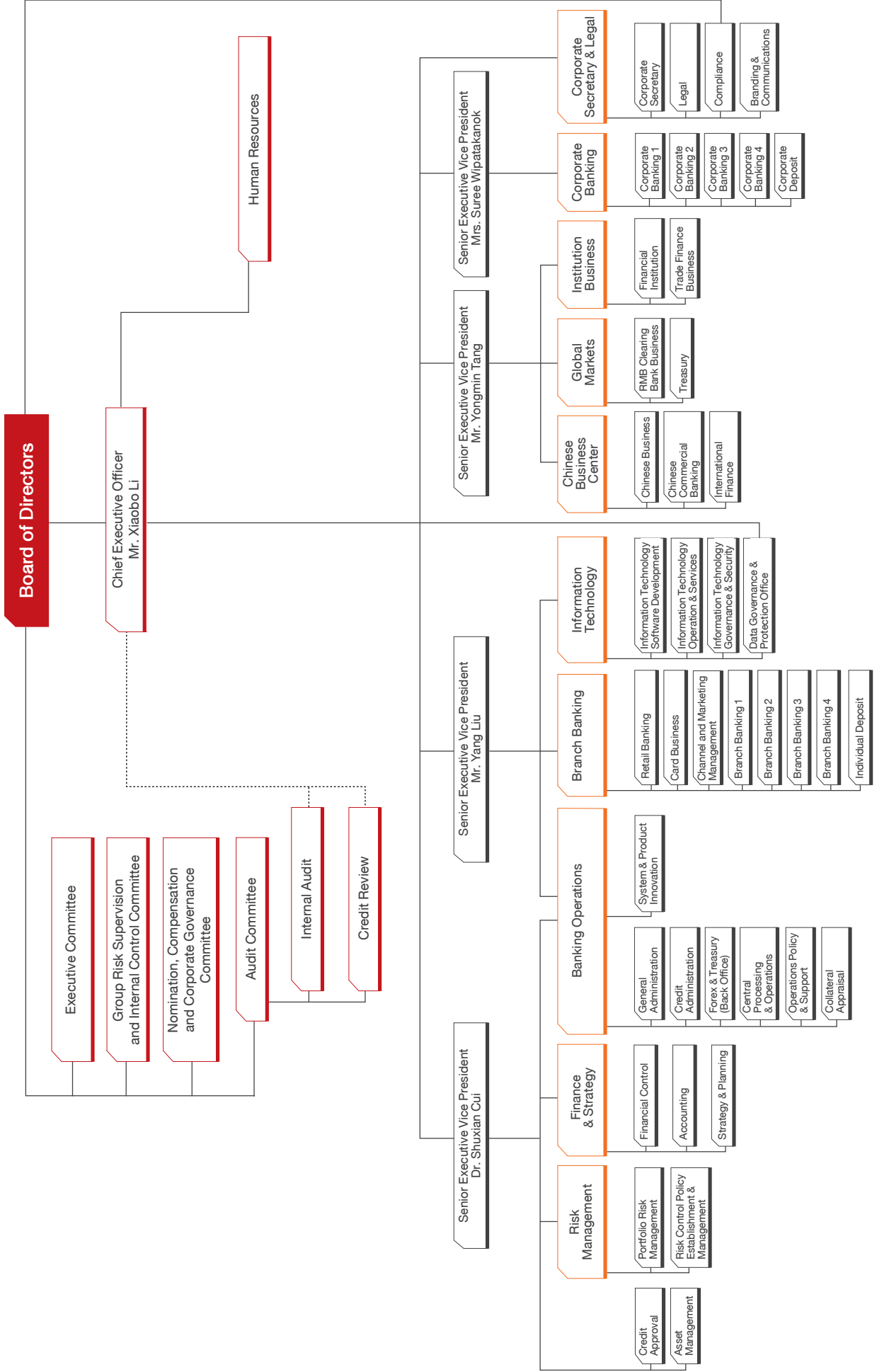
January 2022-Present Senior Vice President, Acting Head of Banking Operations Division and Head of Central Processing and Operations Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-December 2021 Senior Vice President, Head of Central Processing and Operations Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • August 2008-January 2015 Senior Vice President, Head of Funding (Back Office) Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

EXECUTIVE OFFICERS

No.	Name	Position	Division/Department
1	Mr. Dong Jing	Senior Vice President	Corporate Secretary & Legal Division
2	Mr. Xiangxing Zheng	Senior Vice President	Information Technology Division
3	Mr. Sayarm Lohsawart	Senior Vice President	Corporate Banking 2 Department
4	Mr. Vatcharasit Verayangkura	Senior Vice President	Corporate Banking 3 Department
5	Mrs. Rachanoke Vichitlekarn	Senior Vice President	Corporate Banking 4 Department
6	Ms. Prapa Sakyanan	Senior Vice President	Corporate Deposit Department
7	Mr. Baoquan He	Senior Vice President	Retail Banking Department
8	Mr. Bo Han	Senior Vice President	Card Business Department
9	Ms. Wanpen Yongchayanuntakul	Senior Vice President	Branch Banking 1 Department
10	Mr. Methin Leosirichai	Senior Vice President	Branch Banking 2 Department
11	Mrs. Narissara Chaowarit	Senior Vice President	Branch Banking 4 Department
12	Mrs. Narumol Meksingvee	Senior Vice President	Individual Deposit Department
13	Mr. Yang Yang	Senior Vice President	Chinese Business Department
14	Mr. Chairat Kongkreingkrai	Senior Vice President	Asset Management Department
15	Mr. Yi Guo	Senior Vice President	Credit Approval Department
16	Mr. Theerathorn Bhothirungsi	Senior Vice President	Risk Control Policy Establishment & Management Department
17	Mr. Senut Chavana	Senior Vice President	Legal Department
18	Ms. Samerjai Charoensri	Senior Vice President	Compliance Department
19	Mr. Jiantao Yang	Senior Vice President	Human Resources Department
20	Mrs. Suntaree Thummaratchapimon	Senior Vice President	Accounting Department
21	Ms. Chitraporn Saowapa	Senior Vice President	Strategy & Planning Department
22	Ms. Naiyana Noibanchong	Senior Vice President	System & Product Innovation Department
23	Mr. Wijiit Sriwijitchok	Senior Vice President	Foreign Exchange & Treasury (Back Office) Department
24	Mr. Peesa Choomsawasdi	Senior Vice President	Data Governance and Protection Office
25	Ms. Urai Chatvattananon	Senior Vice President	Internal Audit Department
26	Mrs. Lijuan Fang	First Vice President	Banking Operations Division
27	Mr. Yong Zhang	First Vice President	Finance & Strategy Division
28	Ms. Hua Ge	First Vice President	Risk Management Division
29	Mr. Ponganan Settacharnwit	First Vice President	Corporate Banking 1 Department
30	Ms. Panpimon Wattana-Ungkoon	First Vice President	Channel and Marketing Management Department
31	Mr. Gonglong Hou	First Vice President	Chinese Commercial Banking Department
32	Mrs. Yanna Cai	First Vice President	Trade Finance Business Department
33	Mr. Boya Yu	First Vice President	International Finance Department
34	Ms. Kanokporn Pinsakool	First Vice President	Treasury Department
35	Mr. Ayanut Dussadeesimarath	First Vice President	Collateral Appraisal Department
36	Mr. Usa Rodpon	First Vice President	Credit Administration Department
37	Mr. Kornthana Tonnamning	First Vice President	General Administration Department
38	Mr. Xianwei Wang	First Vice President	Information Technology Software Development Department
39	Mr. Supanya Wattanachai	First Vice President	Information Technology Operation & Services Department
40	Ms. Dolrudee Deepracha	First Vice President	Credit Review Department
41	Mr. Ekkawit Suksamarnwong	First Vice President	Portfolio Risk Management
42	Mr. Eakkarat Thankitjanont	Vice President	Branch Banking 3 Department
43	Mrs. Jia Jin	Vice President	Compliance Department
44	Ms. Wanggam Supunnagul	Vice President	Branding & Communications Department



DESCRIPTION OF BUSINESS



Established on 26 August 1969 as a commercial company, the company later obtained a license to undertake finance and securities business from the Ministry of Finance on 26 October 1973 and was listed on the Stock Exchange of Thailand (SET) in 1978. On 23 December 2005, the Bank was granted a commercial bank license from the Ministry of Commerce.

On 21 April 2010, the Industrial and Commercial Bank of China Limited (ICBC), the largest commercial bank in the world in terms of market capitalization, acquired 97.24% of the total issued shares of the Bank from a voluntary tender offer of all shares traded on the SET and changed the name of the Bank to “Industrial and Commercial Bank of China (Thai) Public Company Limited” becoming a part of the ICBC Group. On 19 March 2011, the Bank delisted from the SET. At present, the ICBC holds 97.86% of the total shares sold of the Bank.

As a fully licensed commercial bank, the Bank aims to be on the forefront of commercial banks in Thailand on international banking service. Being a part of the ICBC Group means customers of the Bank are able to fully utilize the services provided by the Group's network which is growing at a rapid pace in China as well as around the world. As of the end of June 2021, ICBC Group had 16,653 branches in China and 426 overseas branches in 49 countries. In addition, ICBC had 1,440 correspondent banks in 142 countries worldwide.

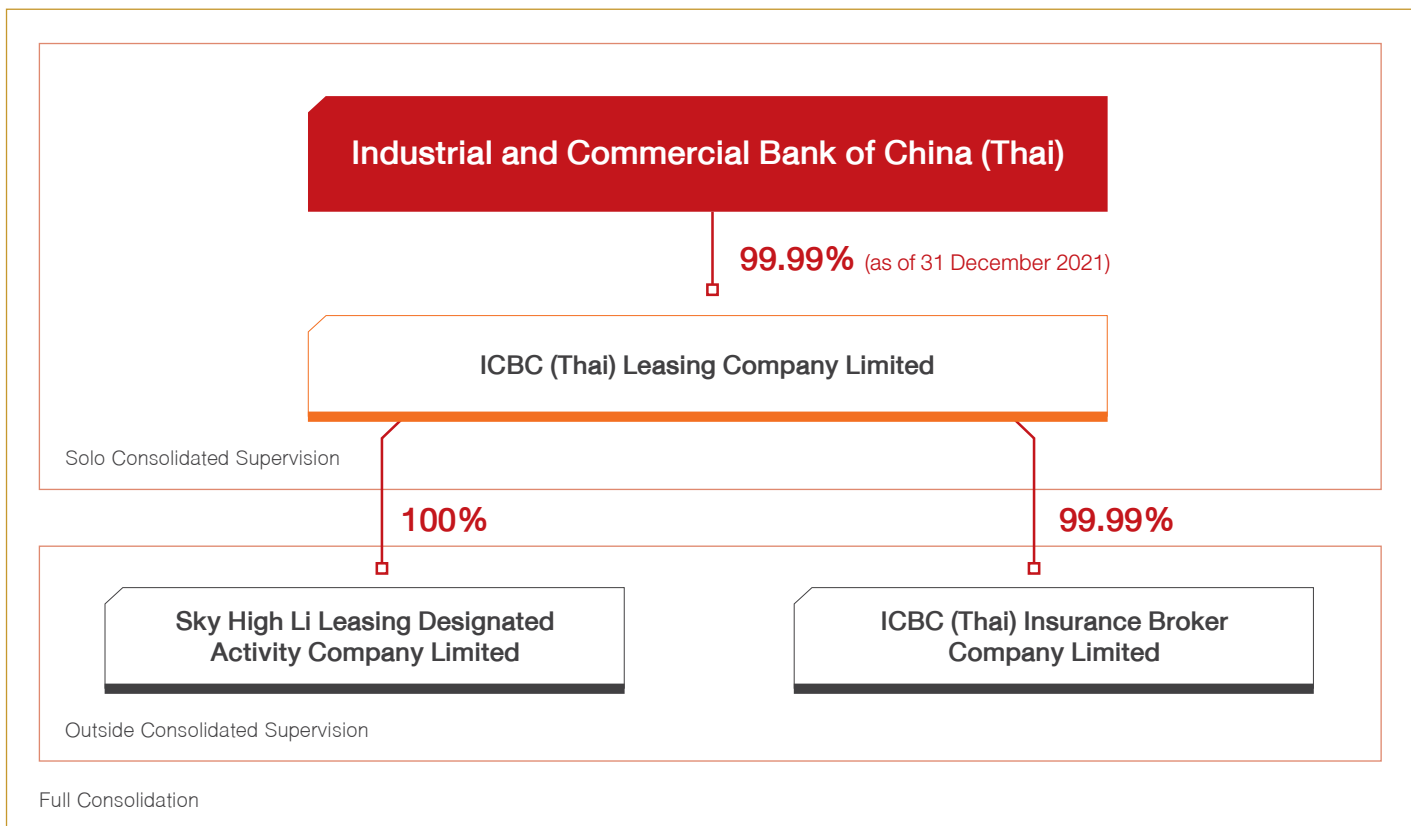
At present, the Bank has 3 subsidiaries, ICBC (Thai) Leasing Company Limited, which the Bank owns 99.99 %, the company offers leasing and hire purchase services; Sky High Li Leasing Designated Activity Company Limited; and ICBC (Thai) Insurance Broker Company Limited.

Throughout its operations in Thailand the Bank continues to strive at providing the best financial services to its customers by developing various new and innovative products and services in order to answer the needs of its customers. In particular, the Bank has expanded its products and services to both juristic person customers, to facilitate their business needs, and individual customers, to reflect their lifestyles such as new types of credit cards, debit cards, internet banking, mobile banking, POS machines and CNY 1 day remittance. At present, the Bank has a total of 21 branches across Thailand.

ICBC (Thai) has been appointed as the RMB Clearing Bank in Thailand since 2015 and continues to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA(thai) for National Long-Term Rating for the tenth consecutive year affirming its sound financial position.

Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2021)



Major Shareholders

(As of 31 December 2021)

No.	Name	Common Shares	Class A Preferred Shares	Class B Preferred Shares	Number of Shares Held	Percentage of Shareholding
1	Industrial and Commercial Bank of China Limited	2,208,258,569	-	355,581	2,208,614,150	97.86
2	Ms. Siriwan Panichcheewa	15,407,521	-	-	15,407,521	0.68
3	Mr. Banthorn Lewprasert	8,883,242	-	-	8,883,242	0.39
4	Ms. Sirima Panichcheewa	6,137,254	-	-	6,137,254	0.27
5	Mr. Samrerng Manoonpol	2,998,982	-	-	2,998,982	0.13
6	Industrial and Commercial Bank of China (Thai) Public Company Limited	2,793,462	-	8,650	2,802,112	0.12
7	Mr. Adisak Putikochakorn	2,567,700	-	-	2,567,700	0.11
8	Mr. Boonsithi Chokwatana	2,399,125	-	-	2,399,125	0.11
9	Mr. Lau Ting Fai	1,517,250	-	-	1,517,250	0.07
10	Ms. Manee Jiramongkol	1,053,125	-	-	1,053,125	0.05
	Others	4,493,887	-	86,850	4,580,737	0.20
		2,256,510,117	-	451,081	2,256,961,198	100.00

Remark:

- In 2006, all Class A preferred shares were converted into ordinary shares.
- Local shareholding = 2.03%
- Foreign shareholding = 97.97%

Dividend Policy

The Bank may pay dividends only when the Bank has profits, has no accumulated loss and has Tier 1 Capital of at least Baht 40,000 million. When considering whether or not to pay dividends, the Bank shall take into account the liquidity and economic condition as well as the business plan of the Bank. By virtue of a resolution of the shareholders' meeting, dividends shall be divided by number of shares, equally for each share and may be made in full or in part in the form of stock dividends through the issuance of new shares to the shareholders in various types of shares already issued at that time.

SUSTAINABLE BANKING REPORT

About ICBC (Thai) Group

Scale of the organization

	(Unit: THB million)		
Scale of the organization	2019	2020	2021
Total assets	251,731	270,330	302,799
Total liabilities	219,731	236,281	265,959
Total equities	32,000	34,049	36,840

Information of Employment

Numbers of employees classified by types of employments

	(Unit: Person)		
Employee type	2019	2020	2021
Full-time and Contract employees	1,182	1,161	1,151

Membership of organizations, associations and clubs

ICBC (Thai) Group is a member of various organizations and associations established to support the financial sector, economy and society as well as being a platform for sharing information, knowledge and promoting good cooperation and relationships among members including to provide standard business operation guidelines which are in line with international principles for sustainable growth.

- The Thai Bankers' Association and Clubs
- Thailand Leasing Association
- The Association of International Banks
- The Institution of Internal Auditors of Thailand
- The Thai Bond Market Association
- Personal Management Association of Thailand
- Thai Valuers Association of Thailand
- The Thai Institute of Directors Association
- Association of Investment Management Companies
- Thai Private Sector Collective Action Against Corruption
- Thai Hire-Purchase Association

Stakeholder Engagement

ICBC (Thai) Group places importance to all groups of stakeholders including shareholders, customers, employees, regulators, business partners, society and communities which may directly or indirectly affect or be affected by the operations or activities of ICBC (Thai) Group. The stakeholders' opinions or suggestions are valuable to the ICBC (Thai) Group's operational policies. Building relationships by regularly communicating with all stakeholders in a timely manner will help ICBC (Thai) Group in developing and improving the products and services to effectively respond to their requirements which are rapidly changing under the current financial and economic situations. This will be an important factor in helping the Group's effective development of products and services to be in line with the changes.



Group of stakeholders of ICBC (Thai) Group



1. Customers

ICBC (Thai) Group provides products and services to all types of customers, both Thai and foreign customers, whether individuals, small and medium sized companies, large corporations, government, state enterprises, financial institutions or other juristic organizations with fair and responsive treatments to maximize the customers' satisfactions under the respects of all rules and regulations. It also provides accurate information of products and services in a timely manner so that its customers will have sufficient information for decision making which is one of the ICBC (Thai) Group's key success drivers for sustainable achievements.

Customers' expectations

- Quality of products and services at fair price
- Access to the ICBC (Thai) Group's service easily and conveniently

Engagement channels and frequency

Engagement channel	Frequency
Interaction at branches	Regularly
Customer visits to enhance relationships	Regularly
Comments, suggestions and complaints through Call Center, website and Facebook.	Regularly
Communication via online channels e.g. Line Official Account, Facebook and WeChat.	Regularly
Marketing and advertising campaigns	Regularly
Product and service brochures	Regularly
Seminars to provide knowledge about finance	Annually



2. Shareholders

ICBC (Thai) Group operates businesses under the principles of good corporate governance and sustains the growth of business for the long-term in order to create fair and steady return to its shareholders. ICBC (Thai) Group also respects the shareholders' rights by ensuring that they receive sufficient and timely information for monitoring the ICBC (Thai) Group's operations and performance as well as ensuring that they have the right to participate in decision making for material matters.

Shareholders' expectations

- Fair and steady return on investments
- Sustainability of business growth and increase in value of the ICBC (Thai) Group

Engagement channels and frequency

Engagement channel	Frequency
Annual general meeting of shareholders	Annually
Annual Report	Annually



3. Employees

ICBC (Thai) Group realizes that an efficient and skillful employee is very crucial in helping the Group achieve its business performance and target for sustainable growth in the future thus has created a learning culture by providing upskilling and reskilling training courses to all levels of employees to be in line with the dynamic financial environment and the world of digitalization. Furthermore, ICBC (Thai) Group provides fair remuneration and equal opportunities for career path/promotions by taking into consideration the employees' knowledge, capabilities and performances based on the ICBC (Thai) Group's prescribed policies.



Employees' expectations

- Fair remuneration and stability of employment
- Work-life balance
- Opportunities for career path/promotions



Engagement channels and frequency

Engagement channels	Frequency
Staff orientation	Regularly
Communication from the management to staff	Regularly
Internal communication within organization thru online channels	Regularly
Staff training at all levels	Regularly
Management meeting for policy announcements	Annually
Relationship building activities	Regularly
Townhall meetings	Annually
Performance Reviews	Annually

4. Regulators

As a financial intermediary with an important role in supporting and developing the country's financial and economic growths, ICBC (Thai) Group and its staffs shall strictly comply with all relevant laws, rules and regulations which will strengthen its creditworthiness and help to achieve not only short-term targets but also to sustain the ICBC (Thai) Group's performance in the long-term. ICBC (Thai) Group will establish internal policies and guidelines in compliance with all relevant laws, rules and regulations stipulated by all relevant local and international regulators that ICBC (Thai) Group treats as the fundamental principle of business operations.

Regulators' expectations

- Sustainability and stability of the Bank, Thailand financial institutional system and economy
- Good governance and transparent of business operations
- Fair and transparent treatments to customers

Engagement channels and frequency

Engagement channels	Frequency
Regulator meetings and engagement	Regularly
Audits as stipulated by the regulators	Regularly
Submission of reports as required by the law	Regularly
Financial Report	Semi-Annually
Annual Report	Annually
Auditor Report	Semi-Annually



5. Business partners

ICBC (Thai) Group's business partners can be financial institutions, non-financial institutions, outsources, business agent, business facilitator and others. ICBC (Thai) Group treats its business partners equally and fairly based on fair returns to both parties and strictly comply with relevant laws and regulations. Having good relationships with business partners will help ICBC (Thai) Group's business operations to be more effective and efficient.

Business partners' expectations

- Mutual benefit and partnerships continuity
- Strict compliance with contractual obligations

Engagement channels and frequency

Engagement channels	Frequency
Suppliers briefings/meetings	Regularly
Contacts with suppliers to strengthen the relationship	Regularly
Listening to the problems and difficulties in order to improve and solve the problems	Regularly
Agreement/contract signings between suppliers and the Bank prior to transaction	Regularly



6. Society

As a financial bridge between Thailand and China, ICBC (Thai) Group commits to facilitate bilateral investments and trades as well as support to the real economic growth of the country. In addition to financial and economic growth, ICBC (Thai) Group also contributes to the society and community by cooperating with the local community and government organizations to regularly carry out the Corporate and Social Responsibility (CSR) activities for better quality of life.

Society and Community's expectations

- Share benefits with society
- Social and environmental responsibilities

Engagement channels and frequency

Engagement channels	Frequency
Corporate social responsibility activities	Regularly
Comments, suggestions and complaints through Call Center, website and Facebook.	Regularly
Knowledge sharing on finance, investment savings and cyber threat through online channels such as Line Official Account and Facebook.	Regularly
Donations in cash or in kind to support causes related to disaster or pandemic.	As and when appropriate
Staff volunteer activities	As and when appropriate

ICBC (Thai) Group's Strategy for Sustainability

The financial institutions, as essential intermediaries in the economic system for raising funds from the public to allocate such funds to support economic activities, plays an important role in driving and promoting concrete sustainable development of various units in the economy so that the country's economic system to grow sustainably in the future.

In cooperation among different organizations in the financial sector consisting of the Fiscal Policy Office (FPO), the Bank of Thailand (BOT), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET) and the Office of Insurance Commission (OIC) have established the Working Group on Sustainable Finance (WG-SF) with the aim to set the direction of sustainability of the Thai financial sector to align with the 17 Sustainable Development Goals of United Nations (UNSDGs) while indirectly supporting the change of the existing economy to a sustainable norm.



For the Thai banking sector, the BOT encourages Thai commercial banks to consider incorporating Environment, Social and Governance (ESG) concerns in all their business operations as well as in their decision-making processes in order to drive Thailand's sustainable growth and boost the sustainable banking concept in banking sector.

ICBC (Thai) Group aims to balance between short-term business growth and sustainable growth by setting its business directions according to its long-term commitment to be a financial

bridge between Thailand and China in order to promote economic/ financial and investment growth of both countries and opening new opportunities using advanced technologies from the digital banking platform developed by ICBC. Moreover, ICBC (Thai) Group places importance on prudent risk management in order to prevent all relevant risks, strictly comply with all rules and regulations of both local and international regulators as well as emphasizing on market conduct which is considered as the fundamental basis for the operations including the setting of strategies and goals that facilitate sustainable development.

ICBC (Thai) Group's Strategy for Sustainability

ICBC (Thai) Group places emphasis on sustainable development that aligns with the 17 sustainable goals of UNSDGs as a part of the ICBC (Thai) Group's strategy on sustainable banking related to Environment, Social, and Governance as follows:

Environmental Dimension



- **Promote green finance**

In order to drive sustainable growth in Thailand in the future, ICBC (Thai) Group intends to become a sustainable bank that promotes economic activities with concern for sustainability by determining ESG as part of the factors for consideration of loan and investment.



- **Go green operation**

ICBC (Thai) Group promotes innovation and the use of technology for developing products and services to facilitate customers and manages environmental footprint in its organization by encouraging employees' participation in consumption of utilities and resources in terms of 3R: Reuse, Reduce and Recycle as well as energy saving in order to reduce environmental impact.

Social Dimension



- **Contribute and share benefits to stakeholders**

Since the commencement of its operation in Thailand, ICBC (Thai) Group is committed not only to be a financial institution that takes part in driving the economy of the country but also an organization that has social responsibility and contribute benefit to all stakeholders, adheres to the principle good corporate governance and being a good member of the society.



- **Ensure well-being and gender equality of staff**

ICBC (Thai) Group's employees are valuable resources which are a fundamental to the growth and value creation of organization to develop towards sustainability. ICBC (Thai) Group will develop the potential employees as well as encourage and give them opportunities to be promoted equally under the established rules and policies as well as promotes employees' participations in order to build a mutual understand of the ICBC (Thai) Group's direction which will be able to drive the Group to grow for sustainability.



- **Promote learning culture**

One of the aspects of organizational culture that ICBC (Thai) Group places importance is the creation of a learning culture. Every year, the ICBC (Thai) Group provides learning and training programs that align with the dynamic requirements of financial and economic developments. ICBC (Thai) Group also prioritizes on regularly providing trainings on laws, rules and regulations to keep all employees updated and receive accurate information that will benefit to both the organization and its employees. Additionally, ICBC (Thai) Group encourages employees to be trained from external training institutions, both domestically and internationally in order to apply new information and knowledge to be benefit for the further development of ICBC (Thai) Group's business operations.

Governance



- **Transparency in its business operations**

ICBC (Thai) Group adheres to the principle of good corporate governance, transparency, fairness, auditability and business ethics as well as strictly adhering to the rules and regulations of all regulatory authorities as well as related laws. This will be fundamental to sustainable growth in the business operations and strengthen confidence for all stakeholders of ICBC (Thai) Group.



- **Fair treatment to customers**

Fair treatment to customers is fundamental to ICBC (Thai) Group's business operations aiming to provide customers with fair services in terms of price and condition as well as convenient access to ICBC (Thai) Group's products and services including taking care and solving problems within a timely manner which is important in supporting ICBC (Thai) Group's ability to conduct business with sustainability and will be benefit to society as a whole.



- **Promotion of risk management foundation**

ICBC (Thai) Group strives to be the leading financial institution in Thailand by placing importance on systematic and effective risk control management covering various aspects of risk management as prescribed by the Bank of Thailand as well as the ICBC Group's risk management guidelines to ensure that ICBC (Thai) Group has guidelines to prevent and reduce any kind of risk appropriately in a timely manner which will be a positive effect on the stability and strength of ICBC (Thai) Group and Thailand's financial institutional system.

Sustainability Performance - Environmental Dimension



Promote Green Finance

Responsible Financing

ICBC (Thai) Group is committed to be a responsible financing group with strong environmental and social risk management capability as does ICBC Group. The Bank intends to increase its support to environmental friendly businesses and to minimize, mitigate or avoid any financial

activity that could incur negative impacts to the environment and society in order to alter the activities of its customers. The Bank has established conditions alter the operations of its customers to be more environmental friendly with ultimate goal of sustainable development.



Target for Year 2021

Enhance policies and procedures for Responsible Financing.

Performance & Approach in Year 2021

ICBC (Thai) Bank continues to enhance the Responsible Financing policy and practice by committing to engage the environmental, social, and governance or “ESG” risk management into its financial activities whether new or existing according to the Bank’s Credit Policy.

The Bank has also implemented the “Responsible Financing Policy”, which is a sub-policy under the Credit Policy and related to the ESG risk management which is applied to all financial activities with the business purpose. The objective of this Policy is to strengthen the management the environmental and social risk management via all financial activities, lending, credit-like transactions, investments, obligations and commitments. Moreover, this Policy emphasizes on the importance of ESG risk management, the scope of Responsible Financing and the roles and responsibilities of related internal parties, including the Bank’s Board of Directors and Executive Committee that are the bodies for overseeing, monitoring, and supporting the ESG risk management. In practice, during the credit decision-making process and credit life cycle, ESG issue, especially any news or incident relating to ESG, is one of the consideration factors in every steps.

Pre-loan investigation/New customer admittance: Negative news or incidents relating to ESG will be investigated on best-effort basis by the Business Units to ensure that any new customer would not have any negative impact to ESG issue. Such information will then be declared in the Credit Application. Nevertheless, during this pre-loan investigation, such new customer may be additionally required to:

- In terms of project financing, the initiator of the project shall prepare environmental and social risk assessment in order to demonstrate compliance with the relevant host country’s laws, regulations and permits that pertain to environmental and social issues.
- In terms of environmental protection, customer must abide by laws and regulations, comply with the applicable standards, for example, pollutant discharge shall be up to or superior to the standard stipulated by the government.

- In terms of resource consumption, the energy and other resources consumed by the customers or projects shall be met or be superior to relevant governmental standards.
- In terms of safety production or construction, the standards or requirements of safety production and construction and employees’ health protection shall be met.
- In terms of labor rights, compliance with national employment and labor laws shall be met, a grievance mechanism designed to receive and facilitate resolution of concerns and grievances about the customer’s or project’s environmental and social performance shall be established, if needed.
- In terms of site selection, use of land shall comply with land and urban development; it shall incur no adverse impacts to environment and affected communities, for example, involvement of land expropriation, communities and resident resettlement, etc.
- In terms of stakeholder engagement, stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to affected communities may be involved.

Credit Approval: Corresponding Approval Authority shall set reasonable and effective conditions precedent and management requirements according to the severity level of the environmental and social risk for this customer or project.

Post-lending Monitoring: During credit life cycle, the Business Units have the responsibility to investigate any negative news or incident relating to ESG issue of such customer together with others credit risk issues and being declared in the post-lending monitoring report. On-site investigation shall be conducted periodically. Any adverse news or incident may lead to the interim review or being classified as the early warning account.

Credit Annual Review: With the same measure as the post-lending monitoring, any negative news or incident relating to ESG issue of such customer shall be investigated together with other credit risk issues by the Business Units and being declared in the Credit Application for annual review.

Both Credit Policy and Responsible Financing Policy are reviewed periodically.

Furthermore, ICBC (Thai) Bank has signed a Memorandum of Understanding on the “Sustainable Banking Guidelines: Responsible Lending” with the Thai Banker’s Association and other commercial banks representing the commitments of the Bank on responsible lending. The Bank shall continue providing financial services to clean energy industry in order to increase more ESG business.

In the coming year, in order to strengthen the Bank’s commitments to the ESG risk management, the Bank intends to do more on the portfolio management in order to identify the trend of its credit portfolio relating to the ESG risk and the action or plan needed to be prepared. The credit portfolio shall be assessed and classified into 4 groups as follows:

1. **Friendly** refers to the industry or business which is in the Friendly Industry List, for example, clean energy industry, ecological agriculture and organic agriculture, etc.
2. **Qualified** refers to other industries not belonging to the Friendly Industry List and shall be divided into 2 sub-levels as follows:
 - Qualified Class 1 refers to any industry not in the Sensitive Industry List
 - Qualified Class 2 refers to the industry in the Sensitive Industry List

3. **Observation** refers to:

- Any customer or project in either Friendly or Qualified Level with high potential of environmental and social risk; or
- Any customer or project that has been ordered or punished by a government agency relating to the environmental and social risk and the correction process has been completed with the approval from the government agency. Such customer or project shall be classified in this level for a period of 6 months from the government agency’s approval date.

4. **Rectification** refers to any customer or project that is facing environmental and social risk and being ordered or punished by a government agency but the correction plan has not started or is in the process but has yet to complete and be approved by the government agency.

Contribution to UNSDGs:



Go Green Operations

Smart Retail

ICBC (Thai) Bank’s management has formulated a Smart Retail development strategy that includes the following key points:

1. Seize Thailand digital development opportunities, keep up with the trend of financial technology innovation and empower Smart Retail transformation.
2. Prioritize the development of Mobile Banking and Corporate Internet Banking. Focus on online payment and offer online financial service to customers.
3. Take advantage of the Bank’s position as the RMB Clearing Bank to expand cross-border business. Improve customer acquisition capabilities by building financial scenarios and improving customer experience.



Target for Year 2021

The Bank's main target is to adapt the digitalization strategy on the enhancement of mobile payment's ability and the service migration from the traditional brick-and-mortar bank to the digital channel to reduce the customer's burden of visiting at the bank branch, since the customer's behavior is already adopted with a New Normal. Moreover, the improvement of E-Document and Online Service Request features are also the priority due to the Bank's go-green operation.

Performance & Approach in Year 2021

Performance in 2021, the customers' behaviors have significantly changed due to the COVID-19 situation and transactions via digital channels have dramatically increased for both individual and corporate customers. The Personal E-Banking customer base is more than 110,000 and the number of transactions increased 118% compared to the 2020. Meanwhile, the Corporate E-Banking customer base reached 4,100 with transaction volume growth of 46%. The online channels accounted for 82% of the total Bank's financial transactions. In addition, the online service strongly supported the Bank's customer during this period.

Management Approach

- Encourage Innovation Culture**
 Employees are encouraged to give creative ideas and product improvement suggestions. They are invited to join the new product pilot test and share users' experience to the product team. Before the Bank implemented the Mobile Banking 6.0 version upgrade, more than 100 staff participated in the testing and gave their product experience report. When the Bank was preparing the 2022 annual product plan, the Retail Banking Department will seek the suggestions from the Branches' staff.
- Empower by New Technology**
 To reduce the operation cost and improve the accuracy of target customers, the Bank using the new technology such as Big Data Analytic and Robotic Process Automation (RPA). For example, the Bank uses Big Data Analytics to remind the active users whose debit cards are going to expire. RPA is used to shorten the payroll company employees' account opening.

- Customer Communication**

To meet the greater needs of online service, the Bank has expanded the communication to social media channels such as Facebook, Line Official Account and WeChat to promote digital products to customers. The Bank produced a variety of promotional materials including Facebook pages, short videos, electronic manuals, etc., to introduce features, guideline and Q&A.



Key Innovation Projects

ICBC (Thai) Bank not only launched innovative products and services but also improved the existing innovative products to better serve its customers. In addition, the Bank has developed a digital platform in order to enhance convenience, flexibility and efficiency where the outstanding innovations and technologies of the Bank could be summarized as follows:

- ICBC Digital Banking Service** gives the ability to access everyday banking functions via a computer or mobile device to empowering cashless transactions. Designed for people on the go, ICBC Mobile Application offers the most used banking features such as check account movement, funds transfers and bill payment. With the highest security standard, the Bank has created the best experience with zero fraud performance to gain the customer's trust. During the pandemic for last few years, most of customers who have never set foot inside a brick-and-mortar bank but still can manage their accounts with the Bank as usual.
- Greener Service** is the electronic delivery of paperless statement for both deposit account and credit card via ICBC Digital Banking. After making an online transaction, customer will also receive an E-Receipt which is a proof of transaction issued instead of a paper receipt. This is to save paper and save time from the day-to-day task.
- Online Service Request** is one of the Bank's top priorities which had been improved during the COVID-19 pandemic situation. Due to the government's lockdown measure, the Bank was concern about the fear of virus spreading. The online service request has been implemented via the Bank's digital channel and also call center channel under the Bank's direction to keep customer traffic at the branches at minimum level. This allows customers to activate their dormant accounts,

replace their expired/lost card, unlock their password and etc. This improvement aims to keep the Bank staffs and customers safe from COVID-19 and customers are satisfied with the service.

- **QR Payment Service** is a key payment service under Bank of Thailand's National e-Payment Roadmap in order to drive a cashless society in Thailand. The Bank has launched the QR Payment service and continues to improve this service over the last few years. Customers are able to generate QR Code to receive money or scan QR Code to transfer money or make a payment transaction. The Bank's QR Payment service has supported many types of PromptPay numbers such as the identification number, mobile number or e-wallet number. After this service implementation, the transactions number has increased more than 141% compared to the same period in last year.
- **Cross-border Service** is one of the financial services which create a high value to the Bank. Empowered by the ICBC Global Service Network and RMB Clearing Bank advantage, the Bank's cross-border service provided fast, secure and convenience service. Despite suffering from the global block, the Bank customers' international businesses were still connected via online banking in 2021. The Bank implemented new features enabled customers to submit supporting documents of remittance transactions in electronic file via the Bank's digital channel instead of submitting in the hard copies. In addition, FX Quotation feature is implemented via Corporate Internet Banking so that this the service also allows corporate customers to enjoy the better foreign exchange rates than normal counter rates. As a result, the cross-border remittance transaction volume via Corporate Internet Banking has increased 276%.
- **Global Cash Management Service** represents a full spectrum of financial services including global account management, centralized collection/disbursement and cash pool, backed by strong IT platform and a worldwide branch network. This service helps customers gain an accurate picture of their companies' cash position in Thailand and overseas in a timely manner, allocate domestic/overseas receivable/payable from one

location and pool cash around the world. With the single point entry feature, customers can access a "one-stop" financial service through ICBC's single point entry for global cash management in different currencies, languages, countries across different time zones and banks worldwide.

- **Online Trade Finance** is offered customers to request letters of credit in electronic files via Corporate Internet Banking and manage other trade finance needs. Customers can benefit from a faster turnaround in the application process, enabling them to provide payment confirmation to their suppliers more quickly, and as a result, improve their competitive advantage.



Trade Finance Business

In 2021, Trade Finance Business helped reduce environmental impacts in several ways as follows:

- **Promotion of Robot Process Automation software (RPA)**
The Bank has introduced Robot Process Automation (RPA) to assist various internal operations under trade finance transactions which has greatly optimized time and work flows with the higher efficiency, reducing the amount of energy consumption and the paper use.
- **Encouragement for customers to use electronic receipts under trade finance transactions ("e-Receipts")**
The Bank encourages its customers to use electronic receipts (e-receipts) and has received positive response from the customers, in which 85% are now using it. The Bank hopes that in the future the Bank will have more customers using e-Receipts.
- **Promote Online Trading for corporate customer**
In 2021, the Bank launched Online Trading under trade finance documentation via the Corporate Internet Banking system such as import letter of credit open and export letter of credit advice. Online Trading under trade finance documentation helps increase the convenience for customers as well as protecting and maintaining the environment.

Encouraging customers to use e-Receipts and Online Trading under trade finance documentation not only offers convenience to customers but also helps save energy in several ways such as reducing the process for submitting various original documents, saving energy in transportation, reducing the operating process which saves energy as well as reducing the use of paper from documents receipt printing and the paper used in the work process.

The Bank will continue to support any further processes which reduce environmental impacts by applying new technologies to financial products and services of the Bank.



Deposit account without passbook

Deposit account without passbook is a feature designed for individual customers for all types of savings deposits according to the Bank's conditions. This is considered a product development that is in line with the current behaviors of depositors who prefer to make transactions by themselves via mobile phones or the Internet. Customers can make transactions anytime and anywhere 24 hours a day without going to branches or ATMs which helps reducing costs and offer convenience to customer. Customers can view deposit transaction information by themselves via mobile phone or internet platforms which also helps Bank saving the cost of issuing passbooks for customers as well as reducing environmental impact.

The Bank has launched a pilot project for deposit account without passbook to customers at Amata City Branch in Rayong Province and Khon Kaen Branch in Khon Kaen Province in August 2021 in which more than 2,000 customers opened deposit account without passbook. Moreover, the Bank plans have all branches ready to offer such products by 2022.

In 2021, the Bank had more than 110,000 customers for Personal E-Banking and 4,100 customers for Corporate E-Banking with transaction volume increased by 118% from 2020 and 46% for individual and corporate customers, respectively. The total financial transactions via electronic channels accounted for 82% of the total transaction volume.

In addition, the online service request also supports the Bank's customers effectively during the COVID-19 pandemic.



Credit Card Electronic Statement (e-Statement)

ICBC (Thai) Bank would like to be a part of the promotion of environmental awareness by providing the credit card electronic statements (e-Statement) in order to reduce the use of paper and ink which in turn would help protect the environment.

The Bank recognizes the importance of paper resources. The Bank aims to control paper usage in the office appropriately. The Bank also encourages customers and employees to save the world by applying for credit card electronic statements (e-Statement) which can be applied via the Call Center and ICBC Mobile Banking.



Target for Year 2021

- Increase channels for applying for credit card electronic statements (e-Statement)
- Increase the number of customers applying for credit card electronic statement (e-Statement) to 10% in 2021

Performance & Approach in Year 2021

- Provide ICBC Mobile Banking as a channel to apply for credit card electronic statements (e-Statement) in order to facilitate customers.
- The number of customers applying for credit card electronic statements (e-Statement) increased by 10% of total customers comparing to the last year.

Contribution to UNSDGs:





Energy Saving

The Bank recognizes the importance of sustainable banking which aligns with the core objectives of ICBC Head Office as a move towards green operations, reduces environmental impacts by encouraging the employees to understand and pay attention to the climate change as well as using natural resources appropriately which it has received good cooperation from all employees to adhere and support the achievement of sustainable development.



Target for Year 2021

To comply with the mentioned initiatives, the Bank has initiated the green energy utilization and using water efficiency

The Bank installed a total of 1,690 units at the Head Office building which helped reducing environmental impact as follows:

1.1 Reduction of carbon emissions in amount of 30.39 Mega-tCO₂eq in year 2021

Type of Lamp	Lamp	Watt	Hour	Emission Rate	Technical loss in the grid	Carbon emission (Mega-tCO ₂ eq)
Fluorescent Lamp	1,690	40	3,960	0.1216664	0.9	36.18
LED Lamp	1,690	16	3,960	0.0486666	0.9	5.79
Reduction of carbon emissions						30.39

Remark: Based on Formula as, Lamp x Watt x Hr. x Emission Rate / Technical loss in the grid

Performance & Approach in Year 2021



1. Green energy: LED-Lamp Installation

The Bank considered installing Light Emitting Diode (LED) bulbs replacing fluorescent lights at the head office of the Bank. Due to the fact that the fluorescent lights are harmful to the environment, changing to the LED helps reducing the impact because they consume 40% less power.



1.2 Energy saving together with the reduction of expense in year 2021

- Energy Consumption: 414,460 units
- Bank Cost Saving: THB 573,398 or 36%

Remark: The mentioned cost is the lump sum amount which including the relevant fee per the billing.



1.3 Participation in using sustainable resources and energy benefited as follows:

For Organization:

- Long lifespan & low power consumption resulting in saving expense of around 80%.
- Energy efficiency for the full capacity of lumens utilization with low temperature.
- No heat emission as low voltage operation to be the prevention of the conflagration.

For Quality of Work & Life:

- Environmentally safe from less heat emission and any relevant waste from old type of bulbs.
- No UV emission which is safe to all staff and electronic equipment/UV sensitive items.
- No flashing of light that affects the eyesight, causes headache and eyestrain.



Good use of water

Water is considered as one of the most important natural resources which the Bank has placed the utmost importance and set mutual targets to sustainably retain and use water. “Good use of water” for the Bank means using water as necessary while being aware of the limited supply of water for the overall conservation of water resource. The guidelines for using water economically and valuably have been set as follows:

- **Check the equipment to prevent water leakage**

Malfunctioning of equipment is one of the causes that cause waste of water most commonly from leakage of water within the office and branches. The Bank has guidelines to regularly check the equipment for preventive maintenances so that there was a leakage, it could be fixed immediately.

- **Change of water use behavior**

During the COVID-19 outbreak, the use of water increased significantly compared to normal situation due to the launch of the campaign for everyone to wash their hands often to reduce the risk of infection. Many people may be accustomed to leave water running while washing their hands which is considered a waste of water. Therefore, the Bank has campaigned for employees to use water properly by not allowing water to run while they wash their hands. This will help avoid wasting more water than necessary. It also reduces the cost of using water as well.

Contribution to UNSDGs:





Reduction of Paper Usage and Introduction of Office Automation System

Office automation system is the process of applying information technology for an improvement of working processes with the objectives to increase the efficiency, optimize processing time as well as reduce the use of papers, printed documents and storage to keep such documents. This direction aligns with one of the Bank's strategies for sustainability towards green operations by applying modern and secured information technology systems developed by ICBC Head Office to ensure that the Bank will be able to improve its operational efficiency to reduce environmental impacts whereas still be able to serve customers with convenience and improve systems in compliance with the development of technology, especially the digital technology by leaps and bounds in recent year. The outbreak of COVID-19 has been considered as a catalyst for the improvement of operational process and communication systems within organization as well as between head office and branches ensuring the business continuity and importantly taking into account the safety of all employees by allowing some of them to work from home while still maintaining efficiency and security of information of customers and organization at the same level as working in the office.



Target for Year 2021

Continue the campaign to reduce the use of paper as well as adopt the Office Automation System (OAS) for other documentation in the next step

Performance & Approach in Year 2021

For environmental aspect, the Bank started to reduce the paper usage in Credit Committee meeting almost 10 years ago. The General Vote Application (GVA) replaced the printed and copied credit filing, which could be treated as the first attempt in addition to sharing or delivering documents between departments in the Bank through electronic channels. In 2021, the Bank adopted the Office Automation System (OAS) for submitting documents or reports for approval from management level. The main objective was to reduce the use of paper, to make the approval process faster and to track for the signed document easier which will increase working efficiency through electronic circulation. Moreover, the adoption of the OAS during the COVID-19 outbreak also reduce the risk from paper-to-paper contact among employees. After commencement in the last quarter of 2021 in the head office and branches, it helped to reduce hundreds of reams of paper.

Additionally, the Bank has received good cooperation from employees who commonly commit to reduce environmental problems which will be of benefit to public on the topic "Environmental Friendly" to optimize the use of paper by campaigning to reduce the use of papers and the use of papers effectively by reusing instead of using new one, the use of double-sided papers for printing documents and before printing, employees must review, check and summarize the essential contents thoroughly and correctly to reduce errors and reduce the use of paper.

Contribution to UNSDGs:



Sustainability Performance – Social Dimension



Contribute and Share Benefit to Stakeholders

**Promotion of Financial Literacy**

The Bank has been operating its banking business in Thailand for more than 10 years and is strongly committed to facilitate financial services to everyone in a fair manner as well as providing need-to-know financial information to the stakeholders free of charge thru various channels of the Bank, including the “RMB Chinese Sphere” which is well-known event organized by the Bank.

Target for Year 2021

- Provide various topics of financial knowledge via online channels.
- Increase in the number of financial institution participants to be more than the number of the event held in the previous year and also expect the positive feedback from the participants in respect of the contents and the overall event arrangement.

Performance & Approach in Year 2021

The Bank created and shared several topics of financial knowledge such as savings, investment and planning, and financial crime through social media channels of the Bank’s official account on Facebook and Line over the year including not limited to:

- How to increase your savings even when your salary remains the same
- Different saving plans for different ages
- How to optimize your bonus spending
- How to pay off debt
- How to prevent credit card from cyber-crime

In addition, in 2021 the Bank, as a Sino-Thai financial bridge, successfully organized the “RMB Chinese Sphere

2021” to support Thai-Chinese businesses. The Bank has held this kind of event for 3 consecutive years. The success of the event is reflected by the number of financial institution participants of more than 120 participants, higher than the previous year. This event could not be successfully held without a good collaboration from ICBC Head Office and financial institution participants in Thailand. Based on post-event evaluation, most participants were highly satisfied with this online seminar. Therefore, the Bank will continue to arrange this kind of seminars in the coming years with improved quality for the benefits of all attendees.

Contribution to UNSDGs:**Equal Rights and Facilitate Financial Services**

The Bank recognizes the importance of promoting equal access to useful and affordable financial products and services for all groups of people, especially the poor or the people who are living below the poverty line.

The Bank is well prepared to support the Bank of Thailand’s direction and regulatory measures for financial inclusion. The Bank collaborated with the Thai Bankers’ Association and 14 other commercial banks to initiate a low-cost ‘Basic Banking Account’ to support financial inclusion by allowing low income or vulnerable people to efficiently access financial services at an affordable cost.



Target for Year 2021

Support of financial inclusion, which is one of the key factors in reducing poverty, helps spreading prosperity and improving quality of life as well as improving customer satisfaction.

Performance & Approach in Year 2021

The Bank's strategic approach is to strengthen resource availability and support the concept of financial accessibility in accordance with the Bank of Thailand's Financial Sector Master Plan. The Bank introduced the "Basic Banking Account" to customers, particularly to those with the government welfare cards and senior citizens over the age of 65. This product enables equal access to financial services with special offers, including deposit accounts with no minimum balance needed to open an account and no initial, annual fee or account maintenance fee.

Contribution to UNSDGs:



Financial Assistance Program to Relieve Customers Affected by COVID-19 Pandemic

Due to the continuous widespread of COVID-19 throughout 2021, individuals and various business sectors, especially businesses related to tourism in Thailand had been severely and continuously affected and impacted by the situation in their business operations and daily lives.

The Bank of Thailand thus issued various measures to assist the debtors affected by the Covid-19 situation affecting to the Thai economy as a whole. ICBC (Thai) Group proactively assisted both retail and corporate debtors who were affected by this pandemic to access the financial products and services in order to survive in this difficult time and offered fair lending to customers. Moreover, the Bank could control the impact of this pandemic towards the Bank.



Target for Year 2021

Provide financial assistance to all customers and debtors of ICBC (Thai) Group impacted from the COVID-19 pandemic.

Performance & Approach in Year 2021

Due to the widespread of the COVID-19 and its impact to the Thai economy and financial system, ICBC (Thai) Group launched proactive measures to assist the customers and debtors i.e. measures for the Bank's corporate customers, measures for the Bank's retail customers and measures for ICBC (Thai) Leasing's customers.

• **Measures for the Bank's Corporate Customers:**

The Bank has implemented the "Guideline for Assisting the Customer Affected by COVID-19 pandemic (New Round)" to all lending customers to alleviate the customers' liquidity problem so that the customers could survive during this difficult period. In addition, the Bank can control the quality of ICBC (Thai) Group's lending portfolio.

For corporates customers, the Bank has supported the customers impacted from the outbreak on a case-by-case basis. The Business Units will considered offering the financial assistance as per the following steps:

1. Grace Period for principal only and full payment of interest
2. Grace Period of principal only and partial payment of interest
3. Grace Period of both principal and interest
4. Grace Period of principal and interest plus increase of the credit line
5. Reduction of interest rate

The financial assistance shall be in line with the customer's repayment ability. The grace period is considered from the following factors:

1. Impact level based on each industry, areas, Industry outlook including impact period, recovery period and pattern of recovery
2. Cash Inflow
3. Monthly operating expense

4. Self-recovery plan
5. Any supports from shareholders and parent companies.
6. Any collateral deterioration
7. Other banks' supports

However, if the impact continuous to exist, the Business Units may propose to extend the assistance as appropriate.

Moreover, this financial assistance is of the benefit to the customers in terms of the asset reclassification exemption as they are not considered as Troubled Debt Restructuring (TDR). Then, there shall be no negative impact to the credit information of the customers.

- **Measures for the Bank's Retail Customers:**

The Bank introduced the measures to assist the credit card customers in general as well as those affected by the COVID-19 as follows:

Measures for general credit card debtors

1. Reduce credit card interest ceiling from 18% to 16% (effective from 1 August 2020).
2. Increase credit card limit and personal loan limit under revolving or recurring credit limit. The debtor with an average monthly income of less than THB 30,000 and good debt repayment history can request for increase in the credit limit from 1.5 times to 2 times of the average monthly income temporarily until 31 December 2021 (effective from 1 August 2020).
3. Reduce the minimum payment rate from 10% to:
 - 5% in 2020 - 2022
 - 8% in 2023
 - 10% in 2024

Measures for the credit card debtors affected by COVID-19

1. Suspend debt payment for the customers directly and indirectly affected by COVID-19 by reducing the minimum payment amount to THB 0.
2. Reduce credit card interest rate from 16% to the Bank's Minimum Retail Rate of 7%.

- **Measure for ICBC (Thai) Leasing's Customer:**

ICBC (Thai) Leasing launched the relief measures for their leasing customer impacted from COVID-19 pandemic as follows:

- Reschedule: Reduce installments to pay only 50% for 6-12 months
- Grace period: Suspend payment for 3-6 months
- Other measures: As appropriate on a case-by-case basis

Performance in Year 2021

- **Measures for the Bank's Corporate Customers**

The Bank has continuously assisted the customers under its own financial assistance program. As of the end of December 2021, the Bank provided the financial assistance to both corporate and SMEs customers of more than THB 24,000 million loan outstanding.

- **Measures for the Bank's Retail Customers**

The Bank currently provides relief measures to 30 credit card debtors affected by the COVID-19 with outstanding balance of THB 1.92 million, equivalent to 100% of the number of the Bank's credit card customers who applied for the assistance.

- **Measures for ICBC (Thai) Leasing's customers**

As of December 2021, 32,390 contracts were approved to join the relief measure program of the company which can be separated into reschedule program of 24,449 contracts and grace period program of 7,941 contracts.

Contribution to UNSDGs:





Donation and Charity Activities

Since the start of its operation in Thailand, the Bank is committed not only to be a financial institution that takes part in driving the economy of the country but also an organization that has social responsibility, adheres to the principle of good corporate governance and being a good member of the society.



Target for Year 2021

The Bank has formulated the Sustainable Banking Policy that focuses on participating in various forms of social development by recognizing the possible long-term impacts on and benefits to the society. Furthermore, the Bank aims at the sustainable social development so that we can all live together in harmony.

Performance & Approach in Year 2021

In 2021, Thailand was still affected by the spread of the COVID-19. The Bank recognized the adversity of the situation and determined to help people who were affected by the COVID-19. Moreover, the Bank also placed importance on creating various forms of social responsibility activities.



• Donation of Medical Supplies

The Bank continued to support medical teams by donating 850 suits of Personal Protection Equipment (PPE) to the National Institute of Emergency Medicine in order to distribute them to volunteer across the country and donated 3,000 pieces of KN95 medical masks to Siriraj Hospital.



• Donation of Scholarships

In 2021, this was the third year in a row that the Bank granted scholarships to students. A total of 21 scholarships of THB 20,000 each or THB 420,000 in all were donated to underprivileged students with good academic records. The recipients were from 4 major universities namely Chulalongkorn University, Kasetsart University, Thammasat University and Khonkaen University. The Bank is confident that such scholarships will help ease their educational financial burden and encourage them to concentrate on their studies.



• Charity Activity

Presently, to arrange the Bank's activities for all employees, it must strictly take into account all preventive and control measures to prevent the spread of the COVID-19. Therefore, in accordance with the current situation the Bank has designed an online activity through a mobile phone application that all employees can download to participate in the activity while being able to keep social distancing as well.

In December 2021, the Bank organized the exercise for charity which was one of the activities called "ICBC ONLINE SPREE: MISSION POSSIBLE" under the name "Miles Mission" activity through the "Charity Miles" application which is an application that can change the daily exercise of everyone to donation.

For the Bank’s donation, every mile of walking, running or biking of all employees during the period of 1-31 December 2021 would be accumulated and converted into cash donation. The group of employees with the highest miles would be honored by the Bank to choose and represent the Bank to donate to one of the following foundations: Children’s Hospital Foundation, Rural Doctor Foundation or Forest and Marine Ranger Foundation. The objectives of this activity are to allow all employees to participate in the Bank’s social contribution activity and for the good health of them. This activity also drives the employees to learn new technology supporting the fact that exercising for being healthy is easy for everyone and can help society at the same time.

In summary, the total miles accumulated from the “Miles Mission” activity were 34,030 miles which could be converted to cash donation in the amount of THB 74,866 donated to Children’s Hospital Foundation.

Contribution to UNSDGs:



Ensuring Employee Well-being and Equality

The Bank is well aware that well-being is one of the most important factors that helps and supports its employees to be able to work at the highest efficiency and effectiveness which leads to the Bank’s business achievements and operational excellence. The Bank regularly reviews and improves its employee-related policies with consideration on market comparison, both overall and banking industry, as well as the economic situation and emerged crisis at certain point of time.



Target for Year 2021

- To ensure that employees’ well-being is addressed in terms of sufficient support on both work and everyday-life through various tangible and intangible welfare and benefits.
- To promote an equal growing opportunity to all employees and create a more opened career growth for the young generations.

Performance & Approach in Year 2021

In 2021, the Bank has implemented policies to better support its employees in as many aspects as possible such as career opportunity and welfare and benefits as follows:



• **Group insurance plan**

The Bank takes care not only for the well-being and good health of its employees but also for their families. Therefore, it has decided to use group insurance plan and expanded the coverage to employees’ dependents. The group insurance plan covers 4 categories, namely:

1. Out-patient department (OPD) and dental provided to its employees and their dependents (voluntarily),
2. In-patient department (IPD) provided to its employees and their dependents (voluntarily),
3. Major medical is as additional benefits to the IPD and is provided to its employees,



- For life insurance, accident insurance and insurance for serious diseases, the Bank takes full responsible for the insurance premium of employees. For employees' dependents, the Bank pays the full premium for IPD and subsidizes for OPD (80%).



- **Provident Fund**

The Bank cares and concerns about post-retirement life of the employees thus it has improved the Bank's contribution scheme to the provident fund from 3% for all employees to a progressive rate varied by years of service, starting from 4% to the maximum of 7%. The new scheme is applied to ICBC (Thai), ICBC (Thai) Leasing and ICBC (Thai) Insurance Broker. This benefit improvement aims to take care and prepares long-term saving funds for the employees after their retirement.

- **Promotion criteria**

The Bank always opens and provides career opportunity for all employees without bias or discrimination regarding age, genders or beliefs. Every employee has opportunity to grow and take higher role and position considered by their performance and potential.

Moreover, the Bank is well aware that young generation, high potential performers and outstanding performance employees who can be developed to be our valuable and important future workforce.



- **ICBC Online Activity**

The COVID-19 situation has a dramatic and long-term effect on our lives and forced many changes in our everyday life such as work from home, social distancing and many other restrictions. This has been causing each individual exhaustion both physically and mentally. Therefore, the Bank has decided to arrange online activities called "ICBC ONLINE SPREE: MISSION POSSIBLE" to refresh and rejuvenate our employees' well-being, helping them release tensions and burn-out state as well as to boost up relationship and unity among employees across the Bank.

The online activities comprises 4 activities, in which employees are teamed up from various departments and part take in all activities as a team member or team representative. Each activity aims to promote different values:

1. Guessing the picture: cross-function relationship and teamwork
2. Charity miles: social mindset by donating money to selected charity organization. The amount of money is calculated from the total miles, which everyone has gathered.
3. Rope Jumping contest: exercising for healthiness and striving for success together
4. Gift box: sense of sharing and caring to others

Especially in the time of COVID-19 pandemic, the Bank has established and launched several protection measures such as:



- **Protective action against COVID-19**

The Bank launched various types of measures and support to ensure and maintain its employees' well-being as well as the continuity of the Bank's business operations as follows:

1. Working space: Business Continuity Plan (BCP) team and the Human Resources Department has coordinated in splitting the working sites into three sites; Head Office (HO), Disaster Recovery Site (DR-site) and KPI Tower Building to reduce the density of workspace as well as the possibility of disease transmission in one office.
2. Work-from-Home (WFH) Plan: According to the Bank's WFH measures, every division, department and business center is required to manage and plan its workforce for off-site working by considering the appropriateness to the Bank's business operations, customer services and operational excellence.



- **Control and preventive measures against COVID-19**

1. Launching preventive measures against the spread of COVID-19 such as requiring medical masks to be worn at all times while working in the office, reducing unnecessary contact with outsiders and limiting business and personal travel during the spread of COVID-19.

2. Continuously sharing knowledge and accurated and updated information about the COVID-19 situation in order to build employee awareness of the dangers from the spread of COVID-19.
3. Providing recommendations on the practice of personal protective measures during the spread of the COVID-19 pandemic in order to emphasize the practice of personal protective measures in daily life, both inside and outside of the office.



● **Additional welfare and benefits**

1. Financial support and allowances
 - Transportation and meal allowances for on-site working
 - WFH allowance for supporting utility bills while working from home
 - On-site working allowance
2. Vaccine and prevention supplies
 - Allocation of “Sinopharm” vaccine for the Bank’s staff and outsource staff
 - Group insurance for COVID-19 infection and side effect of vaccination
 - Medical masks for employees and epidemic prevention supplies for employees’ families
 - Hand sanitizer alcohol spray for the Bank’s staff and outsource staff
 - Rapid Antigen Test Kit (ATK) for employees who are identified as high-risk person
 - The session on COVID-19 pandemic and countermeasures: The session is set to staffs educated on knowledge and awareness of COVID-19 risk and self-prevention by a doctor guest speaker
3. Extending period of using of carried-over annual leave

Contribution to UNSDGs:



Continue Learning Culture

One of ICBC Group’s human resources management strategies is to create a culture of learning in order to build the organization’s employees with various types of knowledge and can be applied to work effectively. The Bank provides opportunity to employees to propose training courses in every year which may be general courses such as language course, management course and technology enhancement course as well as courses in field of finance banking, economy, and specific courses related to employees’

works, etc. The Human Resources Department will allocate resources and determine an appropriate time for employees’ training. In the past year, on-site training or attending training abroad were not possible due to the measures to prevent the spread of COVID-19. Therefore, online training via electronic media was held so that employees could attend via mobile phone or computer according to the preventive COVID-19 measures.



Target for Year 2021

Promoted skills and learning of employees to have different types of and up-to-date knowledge so that employees can always develop their skills and increase work efficiency.

Performance & Approach in Year 2021

The Bank continues to encourage and stimulate employees to learn and improve knowledge and skills by giving opportunity to apply for external training courses provided by the Bank.

In 2021, the Bank organized online trainings and provided knowledge for employees via MS Teams and ZOOM systems. In addition, the Bank arranged training courses through the Thai Banking Academy (TBAC), which was established by the Thai Bankers' Association. Employees did not only attend the Bank's training courses but also searched for other courses which are standard courses in terms of banking and finance organized by Thai banking institutions. Therefore, the Bank's employees received knowledge and information in the same way as employees of other member banks.



Promoted and provided Critical Knowledge of Sustainable Banking

The Bank's management and employees shall be continually strengthened their awareness and understanding about sustainable development; therefore, the Bank recognized the importance of sustainability by establishing the Sustainable Banking Policy and Responsible Financing Policy. Furthermore, the Bank encouraged and supported sustainable activities that were in line with UNSDGs.



Target for Year 2021

Promoted understanding and enhanced knowledge of the Bank's Sustainable Banking and Responsible Financing that aligned with the core policies' frameworks as:

1. Leadership and responsible lending commitment
2. Stakeholder engagement
3. Internal implementation mechanisms
4. Transparency

Performance and Approach in Year 2021

In the year, the Bank shared knowledge and information regarding sustainable development to all its employees for further understanding of the Sustainable Development Goals of United Nations (UNSDGs) and the Bank's sustainable strategy in order to achieve its goals with efficiency and effectiveness. Moreover, it created employees' awareness on the importance of sustainable development which could be applied in daily lives as follows:

- Clearly delivered a direction on the Bank's Sustainable Banking Strategy from the top management of the Bank.
- Provided online training and knowledge sharing on sustainable development to all employees in order to emphasize the importance and operations of the Bank in line with UNSDGs.
- Periodically provided knowledge on the Responsible Financing through the internal newsletters and trainings in order to increase awareness and understanding of the Responsible Financing to relevant employees of the Bank.
- Promoted the principle of sustainability and supported Thai sustainable companies by offering fair products and services. Moreover, the Bank operated financial businesses to support Thai sustainable companies and disclosed S&P Sustainability Award year book 2021.

Contribution to UNSDGs:



Sustainability Performance - Governance Dimension



Transparent Business Operations

**Corporate Governance**

The Board of Directors of the Bank promotes the culture of good corporate governance along with conducting its normal business operations. Good corporate governance is an important tool in adding to the business's value, ensuring sustainable growth of the business and building confidence to all stakeholders.

The Board of Directors has established the Corporate Governance Policy by adapting the management structure and strategy guidelines set forth by the Bank of Thailand on "Governance of Financial Institutions" placing great emphasis on the benefits of the stakeholders and fairness in conducting business that include as follows:

1. Rights and Equity of Shareholders

All shareholders shall have equal rights such as the right to attend shareholders' meetings, the right to profit sharing, the right to dividend, the right to receive information on the financial status and operations of the Bank.

2. Treatment to Stakeholders

The Board of Directors of the Bank shall ensure that the Bank treats all groups of stakeholders and related persons namely shareholders, employees, customers, creditors, business partners, competitors, communities and society equally and fairly, considering the legal rights of the stakeholders and the agreements they have with the Bank. There are channels for the stakeholders to file complaints pertaining to the business conduct of the Bank.

3. Qualifications of Directors and Responsibilities of the Board of Directors and Senior Executives

Directors and Senior Executives of the Bank shall possess "fit and proper" qualifications and shall not possess any prohibited characteristics as per the Financial Institutions Business Act B.E.2551 and prohibited characteristics as additionally prescribed under the Notification of the Bank of Thailand Re: Guidelines on Approval of the Appointment of Directors, Managers, Persons with Power of Management or Advisors of Financial Institutions, Parent Companies of Financial Institutions and Subsidiaries that Operate Financial Business.

4. Business Ethics

The Bank has a comprehensive directive on Business Ethics in order to ensure that it has codes of conducts for all stakeholders and Directors and employees understand their responsibilities relating to the standard of the Bank's Business Ethics.

5. Disclosure/Transparency

The Bank shall disclose its financial and other information to the shareholders and the public with accuracy and transparency as required by the Bank of Thailand and supervisory authorities. The information shall be disclosed through various channels such as the Bank's Annual Report and the Bank's official website as well as reporting to the shareholders on the benefits and remuneration received by the Directors and Senior Executives at the Annual General Meeting of Shareholders.

6. Prevention of conflict of interest

The Board of Directors of the Bank shall be responsible for overseeing and preventing conflict of interest to be transparent and for the benefits of the Bank and its

shareholders. It shall formulate criteria for conducting transactions with the major shareholders or businesses with common or related interest with the Bank, no special conditions or specifications shall be given to them. Such transactions shall be approved by the Board of Directors of the Bank by unanimous resolution. Directors or Senior Executives with interest in such matters/transactions shall not be a part of the approval process.

For more details on Governance of the Bank, please see the Governance Section.

Performance & Approach in Year 2021

- In 2021, the Bank revised its Corporate Governance Policy to be more in line with the Notification of the BOT on Corporate Governance of Financial Institutions as well as the Bank's own practice.
- Due to COVID-19, the Bank adapted its practice to be in line with the COVID-19 prevention: shareholders were encouraged to send in their votes rather than attend in person but could still cast their votes effectively and share registrar service was improved to service shareholders by mail/e-mail to prevent the spread of COVID-19.

All other practices of the Bank in 2021 were conducted in accordance with the requirements of the Corporate Governance Policy.



Fair Market Conduct Management

The Bank shall provide fair financial services to all customers. The Board of Directors and Senior Executives shall also promote effective fair market conduct to be in line with the Bank's corporate culture. The Chief Executive Officer is responsible for promoting fair Market Conduct in an effective and concrete way as well as ensuring that all staffs have the commitment to offer financial products to customers in compliance with the Bank of Thailand's regulations consistently. The Bank has put in place policies, operating procedures, communication, training, and remuneration to ensure that the Bank achieve the fair treatment outcomes to customers. Regular training program is provided by top management to all executives and staff to emphasize the importance of market conduct principles.

ICBC (Thai) Group's sales forces has been trained regularly to ensure that they offers the products and services with quality and appropriate to the needs of customers. The relevant and clear message of products and services information has been informed to customers for their decision making. In addition, ICBC (Thai) Group takes appropriate measures to protect customer data security in order to prevent the loss or unauthorized disclosure of customer personal data.

The fair market conduct training of ICBC (Thai) Group achieves 100% completion of management and employees attendance. The process of complaint acceptance and handling is established independently. All customer complaints have been handling in timely and effective manner.



Anti-Corruption

The Bank promotes the Anti-Corruption Policy in order to enhance its corporate governance which is the basis for rectifying the corruption problem as well as building a good organizational culture.

The Bank has been certified by the "Thailand's Private Sector Collective Action Coalition Against Corruption" that is given to organizations with clear intention to fight against corruption.

The Bank aims for its Directors, Executives as well as the staff of the companies in its financial group to be the role models in complying with the Anti-Corruption requirements.

The controls of measures are in the areas of credit approval, credit restructure, Non-performing assets disposal, asset appraisal, large amount of procurement: IT equipment, office leasing and decoration, marketing materials, office supplies.

The contracts or agreements of the Bank cover the clause that prohibits corruption activities.

The Bank has adopted a "No Gift Policy" where employees are prohibited from offering, soliciting or accepting any form of gifts or using any form of corporate hospitality to influence business decisions.

The 100% of the annual Anti-Corruption training attendance was completion for all executives and employees via on-line training.



Anti-Money Laundering

ICBC Group has formulated the Money Laundering (ML) Risk Management Measures in order to prevent the use of the Group's financial system for carrying out illegal and criminal activities such as money laundering. Effective ML risk management is the basis for safe and stable operations of the Group. ML risk herein refers to the possibilities that the products and services provided by the Group during business development and operation management are used for money laundering, terrorist financing, proliferation financing and other predicate offenses of money laundering.

The Bank is a subsidiary of the ICBC Group has adopted the Group's measures to ensure effective identification, assessment, monitoring, control and reporting of ML risks. All executives and employees shall be aware of ML risk prevention and control, adhere to value standards and observe professional ethics.

The Three Lines of Defense organizational structure is established to effectively manage and control ML risk.

The annual Anti-Money Laundering, Counter-Terrorism, Proliferation of Weapon of Mass Destruction Financing, and Sanction training program has achieved 100% completion.



Fraud Risk Management

The Bank gives the high importance to fraud risk management. The Fraud Risk Management is formulated to raise awareness of fraud in the workspace and provide the operational guideline to combat against the fraudulent activities which potentially expose adverse impact to the Bank either financial or reputation damage. The purpose of the policy is to manage fraud risk covering identification, assessment of existing controls and to determine whether additional fraud counter-measures are required.

The Bank has set the policy of fraud risk management into 4 sections comprising of Fraud Risk Governance, Fraud

Risk Management Process, Fraud Prevention and Detection, and Investigation and Corrective Actions.

1. **Fraud Risk Governance Structure:** The Board of Directors and senior management have established the policy and establishing guidelines for operations in accordance with the Three Lines of Defense principle. The First Line of defense shall perform the duty of preventing and controlling fraud risks. The Second Line of Defense shall work with relevant departments to strengthen the post separation, balances and forward-looking control. As the Third Line of Defense, the Internal Audit Department shall independently perform the duty of examining and ensuring that the Fraud Risk Management is properly implemented. In addition, the Code of Conduct is an important tool for communicating with employees, for example, if employees know or suspect in good faith about fraud and corruption practices whether they are damaged or not, as well as employees who have been unfairly treated due to Whistleblowing or refusal to take part in fraud or corruption, he/she shall report the wrongdoing through the channels specified in the Whistleblowing Procedure.
2. **Fraud Risk Management Process:** It is a process of identifying risks, assessing impacts, prioritizing actions to response risk, implementing and monitoring the effectiveness of the control and finally reviewing and refining the process to correspond to the current condition of the Bank on a regular basis.
3. **Fraud Prevention and Detection:** Fraud prevention process encompasses policies, procedures, training and communication while fraud detection involves activities designed to identify fraud or misconduct event that is occurring or has occurred.
4. **Investigation and Corrective Actions:** When any violation, deviation or other breaches of the code of conduct suspected to be fraudulent activities, it shall be reported and dealt with in a timely manner.



Whistleblowing

The Bank aims to operate its business with transparency, fairness and a strong sense of business ethics and protects Whistleblowers who refuse to be part of fraud or corruption.



Target for Year 2021:

Manage complaints of corruption that may occur to comply with the Bank's procedure appropriately

Performance & Approach in Year 2021

The Bank has provided channels for employees and the public to report complaint include:

- Website: www.icbcthai.com (Anti-Corruption and Whistleblowing)
- Email to corruptionreport@th.icbc.com.cn
- Letter to the Industrial and Commercial Bank of China (Thai) Public Company Limited
- Drop in box — Internal Audit Department

In 2021, there is no whistleblowing case received through the various reporting channels.

Contribution to UNSDGs:



Fair and Responsive Treatment to Customers

Market Conduct to customers

Providing fair service to customers is an important aspect of financing and banking services. Therefore, the ICBC (Thai) Group places great importance to providing fair customer service.

The Bank has emphasized that operators must comply with Market Conduct principles, based on 4 No's principles: No Tricking, No Forcing, No Bothering, No Abuse, Customers are offered products/services by not invading their privacy, receive all important information that is not exaggerated or twisted and sufficient to make a decision with true understanding (as well as sufficient to decide if they should continue using the service), and receive products or services that are appropriate to their needs, financial capability and understandability.

Additionally, ICBC (Thai) Leasing also has a framework for offering fair and appropriate products & services to customers as follow:

- Consider and select the most suitable credit conditions to customers - Fair lending
- Fair lending will assist customers to stay financially healthy and be safe from serious financial difficulty. For instance, debt burden level should be at proper level and the disposable income after loan payment should be sufficient for living. This could ensure good payment history and be able to apply for other loans in the future.
- Fair treatment under regulations
- Customers will be informed of the related product features, services and treatments from the company before providing services. In addition, fair treatment is also applied to collection and penalty fees and charges according to the related regulatory policies. Moreover, these acknowledgments will gain trust from the customers with the fair treatment under regulations, for example, Personal Data Protection (PDPA), Anti-Money Laundering (AMLO), and Market Conduct etc.



Target for Year 2021

- To conduct the tools and communicate to the branch staff to clearly understand in Market Conduct
- To provide the Market Conduct training, sampling and testing, to ensure that the branch staff have the knowledge and understanding
- To provide the electronic devices for branch staff to present the information of the Bank products correctly and completely
- To enhance fair lending principle for analysis
- To provide strong communication, and fair treatment in order to satisfy customers

Performance & Approach in Year 2021

ICBC (Thai) Group complied with BOT's notification "Market Conduct" as well as provided and acknowledged the fair products and services to customer as follows.

- The Bank has prepared a product catalog and sales process to enable branch staffs to understand the products and to update information when there is a timely change.

- There were video clips simulating various product sales events from the central department as a guideline for branch staffs to practice in order to increase their sales skills. In addition, the central departments randomly check video clips to determine to ensure that branch staffs have proposed complete product information.
- The Bank required every branch to have the Market Conduct agenda on the monthly meeting to emphasize branch staffs related to understand the sales sheet and product catalog when propose the Bank's services and comply with the sales manual correctly.
- The Bank organized training for branch staffs to have knowledge and understanding of principles and practices in accordance with the market conduct, also testing for measurement.
- Provided sales equipment such as notebooks to enable the Bank's staffs to present product information to customers for easier understanding.
- ICBC (Thai) Leasing further adopted fair lending principle into its credit analysis as well as providing strong communication and treated its customers fairly in order to offering services that are appropriate to customers' needs.

Contribution to UNSDGs:



Data Governance, Personal Data Protection and Data Security

Due to the fact that the Bank would like to offer the right products to customers at the right time through all customer touch points, the importance of data has grown tremendously over the past few years. Data management has been and will always be at the very center of the recipe for success and with the capability in optimizing the usage of data, the results can be beneficial to all parties. Especially during the COVID-19 period in the past 2 years, the Bank has been speeding up its data management capability in becoming more data driven and digitizes their product offerings and services.

With the dynamic ongoing regulatory requirements to have proper data management which is largely triggered by the growing number of the data entrusted to the Bank and especially data privacy which is soon to be fully in force in Thailand in 2022 after 2 years postponement, data governance which is the backbone of data management must be put in place more than ever.



Target for Year 2021

To enhance the Bank's ability in data management, increase the awareness and understanding of the data governance and strengthen protection of data and IT security within the organization and comply with the relevant rules and regulations.

Performance & Approach in Year 2021

The Bank had instituted a proper Data Governance Framework to be in line with the Bank of Thailand's policy statement and ICBC Head Office. After the Data Governance Framework commenced, the numbers of activities have been put in place to strengthen data management within the Bank. The activities are grouped into 3 areas which are Data Governance, Personal Data Protection and Data Security as shown below.

Data Governance

- Establishing the Data Governance Committee which the committee provides data management direction, supervises the Bank's data strategies, processes and operating plans to ensure that the data will be in full use and beneficial to the organization.
- Establishing the Data Governance and Protection Office responsible for setting up Data Strategies and Roadmap, Execution Management and, and being the Bank Data Steward. Key management areas include:
 - Setting up Data Community with Data Owners and related departments.
 - Overseeing the Key Critical Data Quality of the Bank and setting up Data Quality Dashboard for tracking.
 - Communicating/Building Awareness and Enhancing Capability on data management topics for Data Community and Staff.
 - Managing the overall execution of Data Governance Roadmap.

- Establishing Policy and Standards related to Data Governance, Data Quality, Metadata, Data Classification and Handling, etc.

Personal Data Protection

- Establishing Policy and Standards related to Personal Data Protection Act including Privacy Notice.
- Appointing Data Protection Officer to lead and connect with related teams inside the Bank.
- Preparing for Personal Data Protection Act (PDPA) readiness includes:
 - Communicating, Building Awareness and Enhancing Capability on Data Privacy for PDPA Representative and Staff
 - Setting up specific trainings i.e. Legitimate Interest Assessment and Data Classification
 - Strengthening Clean Desk Awareness and activities in the bank to ensure visibility of physical data storage and disposal in the form of papers and documents.
 - Establishing and enhancing the IT systems to be in line with the Data Subject Rights under PDPA which are Consent Management System (to register and record customer's consent) and Data Subject Rights Management System (to record customer's request when he/she exercises his/her right in accordance with the PDPA).
 - Updating the Record of Processing Activities to ensure that they reflect current process in the Bank.

Data Security

- Strengthening the information security and cyber security attentiveness through conducting the Security Awareness program throughout 2021 targeting managements and staffs at all levels, including the Board of Directors.
- Proactively Monitoring and preventing the cyber attacking from the front by enhancing the Third-party interfacing zone.
- Leveraging strong security controls and measures from the ICBC Global Network benefiting our customers with the world class standard protection.

Contribution to UNSDGs:



Promotion of Risk Management Foundation

Risk Management Culture and Strategy

The Bank has included the Risk Management Culture and Strategy as part of the Enterprise-Wide Risk Management Policy of ICBC (Thai) Group. Risk management culture is the value concept integrated with the elements such as the Bank's management thought, risk management idea, risk management behavior, risk moral standards and risk management environment. Risk management culture is important in supporting the comprehensive risk management system, work processes, policies and the collaboration among front office, middle office and back office to work together and reach consensus to form a joint force and achieve the expected results. Risk management culture is a decisive factor that leads to the Bank's core-competitiveness. The Bank has adopted the ICBC Group's enterprise culture framework that is transparent, rigorous and steady. The Bank has trained and shared knowledge on risk management culture to its staff so that they are able to understand and implement it correctly.

The Bank's core value regarding corporate culture is "comply with the laws and regulations; perform tasks with prudence, honesty and integrity; cooperate with others professionally and responsibly as well as building a risk management culture in accordance with the Bank's development orientation."

Risk management shall follow the principle of checks and balances between the front office, middle office and back office as well as strengthening the "Three Lines of Defense" by taking into account the key fundamentals such as risk governance, risk management framework, risk appetite framework, risk tolerance and risk limit.

Strengthening the Three Lines of Defense

The Three Lines of Defense are an important part of risk governance. In risk management, they shall perform their own functions earnestly, share responsibilities, coordinate with each other through joint prevention and risk control.

1. The First Line of Defense is the first stage of risk management of units with direct responsibility. The First Line of Defense shall ensure that there are business developments and risk management including risk identification, prevent and control risks.
2. The Second Line of Defense is the Risk Management Division which has the responsibility to enhance the building of risk management framework that is comprehensive, appropriate and systematic. The Risk Management Division shall strengthen independent risk monitoring which will support the performance of the First Line of Defense.
3. The Third Line of Defense is the Internal Audit Department which has the responsibility to oversee and audit the performance of the First and Second Lines of Defense to ensure the effectiveness of risk management and internal control.

Top Senior Executives
(SEVPs and above)

- **Improve the enterprise-wide risk management system:** Define risk management responsibility, convey risk appetite, formulate risk strategy, promote subsidiaries to establish risk management system.
- **Improve the credit management system:** Develop investment and financing plan, conduct “Three checks on credit, strengthen staffing and supervision.
- **Study material risk management issue:** Semi-annually holding special meeting to study material risk issue, major adjustments to risk management policies, risk planning, risk strategies, credit planning, risk trends, asset quality changes, capital management and product risk.

Main responsible person - CEO (Primary responsibilities)	SEVPs of Risk and First Line, CRO (Implementation responsibilities)	Group Risk Supervision and Internal Control Committee (Decision-making)
<ul style="list-style-type: none"> • Transmission of the Group's risk culture, compliance culture, and credit operation ideas. • Exercise 'veto power' over credit approval. • Manage and control asset quality especially large NPLs and large account with potential risk. 	<ul style="list-style-type: none"> • SEVP in charge of risk management: Improving risk management policies and systems, Organizing the analysis, early warning and disposal of risks. • SEVPs in charge of first line: Improve business management policies and procedures, system and data quality, Carry out risk identification, assessment and risk investigation, Timely notify risk issues, and Strengthen staff management and training. • CRO: Perform risk management, coordinating and implementing. 	<ul style="list-style-type: none"> • The deliberation of risk appetite, risk limit, important risk management policies and procedures, and various important risk assessment reports, important special risk matters, etc.
First line of defense (Direct responsibilities)	Second line of defense (Management responsibilities)	Third line of defense (Supervision responsibilities)
<ul style="list-style-type: none"> • Proactive prevention: Set up risk management positions, Improve policies, Enhance authorization and limit management, and manage new products. • Intelligent control: Maintain data quality; integrate all businesses into the system to ensure comprehensive, timely and accurate of business and customer information. • Comprehensive management: Perform risk identification, risk assessment, risk monitoring, risk control and mitigation, reporting in a timely manner, Conduct appropriate person training and supervision. 	<ul style="list-style-type: none"> • Proactive prevention: Formulate policies, risk appetites and limits; establish mechanisms of risk analysis, early risk warning and rigid control. Conduct special study on possible material risk, Promptly response and feedback on early warning and block rule-violating operation and risk customer. Providing risk management methods, tools, procedures and training for the First Line of Defense. Regularly inform business lines of risk profiles and acute problems. • Intelligent control: Perform risk data integration and Improve risk monitoring and early warning system. • Comprehensive management: They should manage all types of risks, all types of businesses, subsidiaries and personnel across ICBC (Thai) Group, Conduct comprehensive, assessment of risk indicators, and report all risks. 	<ul style="list-style-type: none"> • Proactive prevention: Alert the management on new risks and provide recommendations and action plans for an appropriate risk response. • Intelligent control: Leverage data to enhance audit efficiency and quality. • Comprehensive management: Audit the performance and effectiveness of risk management duties of the first line and second line of defenses. Evaluate the adequacy and effectiveness of the operations and management, internal control, risk management and corporate governance. Carry out risk investigation and advice. Monitor corrective actions.



Target for Year 2021

The Bank shall determine risk culture to be an integral part the Bank's corporate culture.

Performance & Approach in Year 2021

The Bank has raised the awareness of risk culture to be in line with the Bank's corporate culture. There are a number of risk policies that help the Bank's relevant staff to be aware of risk appetite, consequences and loss. For example, sharing of knowledge on risk management to new staff, credit scoring and loss and incident report etc.

The key factors for enhancing the Bank's strong risk culture include:

- Tone from the Top: Initiation of and drive by the Bank's top management, the Board of Directors and Senior Management play an important role in driving the Bank's risk culture by setting the expectations of risk culture, balancing the risk and return, promoting and overseeing the implementation, monitoring and assessing the effectiveness, and address gaps or identify deficiencies of significant risk.

- Risk Accountability: The Bank shall have a mechanism to promote the management and staffs at every level to be aware of their own risks and manage it to be within the risk appetite and risk limit. The Bank shall build awareness of ownership of risk, set KPIs by balancing risk and return, set up the mechanism and process of monitoring and reporting risk, set up whistleblowing channels and procedures of incompliance with clear punishment.
- Effective Communication. The Bank shall have transparency and open communication to consider the comprehensive risk and effective balancing.

Contribution to UNSDGs:



Operating Performance of RMB Clearing Bank

Importance of RMB Business

In year 2021, Thailand's cross-border trade volume continued to grow which China was the biggest among all the cross-border trading countries. Trade volume between China and Thailand during January to November 2021

was THB 2.99 trillion or 32% growth from the previous year. Thailand's import from China was almost twice the export in terms of value. China is also Thailand's largest fruit export market, with a market share of 83%. The export to China volume during January to August 2021 reached

USD 4 billion, 95.6% growth year-on-year. Furthermore, the China-Laos Railway which has opened in December 2021 is expected to bring large amount of Chinese goods and tourists to Thailand, and boost the economic and trade exchanges between China and Thailand.

Last year, the amount of RMB cross-border receipts and payments grew rapidly. In the first half of 2021, the total amount of RMB cross-border receipts and payments by banks on behalf of customers totaled RMB 17.57 trillion, a year-on-year growth of 38.7%. According to data released by the Society for Worldwide Interbank Financial Telecommunication (SWIFT), in December 2021, RMB ranked fourth among the major international payment currencies, with RMB payments accounting for 2.7% of all currency payments. In the first quarter of 2021, RMB ranked fifth in the International Monetary Fund's (IMF) official foreign exchange reserve currency composition (COFER), accounted for 2.5% of global foreign exchange reserves, increased by 1.4% compared with when RMB just joined the SDR basket in 2016.

In the past 3 years, ICBC Group has been utilizing its advantages in global operations to promote the internationalization of RMB. In 2020, ICBC Group issued a total of more than RMB 810 billion of RMB currency financing to foreign enterprises both onshore and offshore, helping to maintain the stability of the global industrial and supply chain. ICBC Group took the lead in realizing the cross-border use of RMB in the whole process of bulk commodities trading, and the cross-border RMB business volume exceeded RMB 7.2 trillion.

From the above evidences we can see that, the foundation for RMB to act as a settlement currency is further consolidated, the function of RMB as a currency of denomination has been initially brought to play, while RMB remains attractive as a financing currency. In the future, the cross-border use of RMB will be further expanded, bilateral currency operation will continue to develop, and RMB will become more international.



ICBC (Thai)'s Strategy on RMB Business

As a financial institution and the financial bridge between Thailand and China, the Bank strives to satisfy all kinds of RMB needs of customers in order to maximize customer satisfaction and continuously develop effective strategy of RMB operation.

As the sole RMB clearing business bank in Thailand, the Bank encourages, guides and supports local banks to use RMB. The Bank provides onshore and offshore RMB currency exchange service with optimal exchange rate, as well as efficient and high quality RMB clearing service through ICBC Internal Clearing System, CIPS and SWIFT. In addition, with the support of the ICBC Group, the Bank also provides RMB liquidity support to other participant banks.

For financial investors such as commercial banks, asset management companies, pension funds and insurance companies, the Bank focuses on introducing and promoting RMB investment products and channels, including CIBM, Bond Connect and QFII.

For corporations and individuals, the Bank provides RMB financial service including deposit, credit business, risk management, settlement, trade finance and currency exchange services. Through the services provided, the Bank solved the practical difficulties of using RMB and increased the ease of using RMB for customers.

To sum up, the Bank's strategy focuses on undertaking its responsibilities as a financial bridge between Thailand and China, makes use of its strength as being part of ICBC Group to promote the development of RMB business in Thailand.

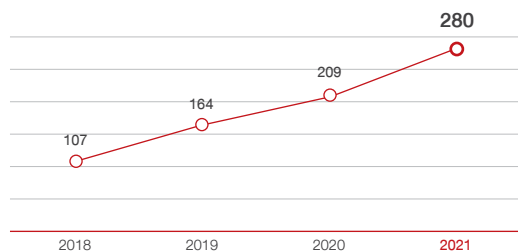
Achievement on RMB Business in the Past 3 Years

In the past 3 years, with the support from ICBC Group, and in strict compliance with relevant regulations, the Bank has been effectively monitoring internal and external environments and stayed focused on performance and innovation to make notable achievement on RMB business.

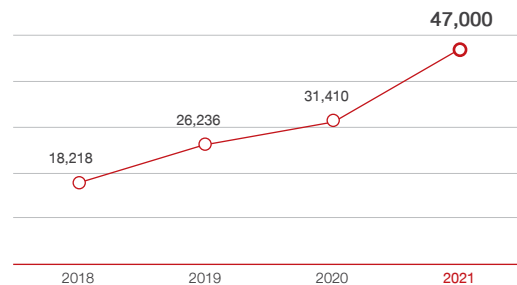
The Bank developed 2 new clearing accounts in year 2020 and year 2021. The RMB deposit outstanding increased from RMB 63 million at the end of 2018 to RMB 604 million at the end of 2021.

The number of accumulated RMB receipt and payment business transactions increased from 18,218 transactions to 47,000 transactions from 2018 to 2021, while the value amount increased from RMB 107 billion to RMB 280 billion from 2018 to 2021, increased by 162%.

Accumulated Receipt and Payment Business (RMB billion)

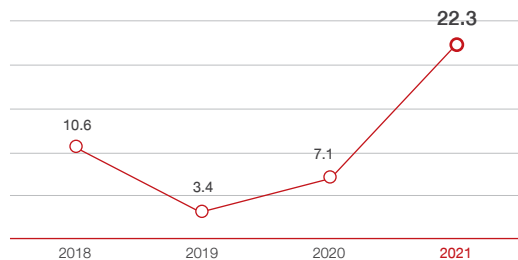


Accumulated Receipt and Payment Business (Transactions)

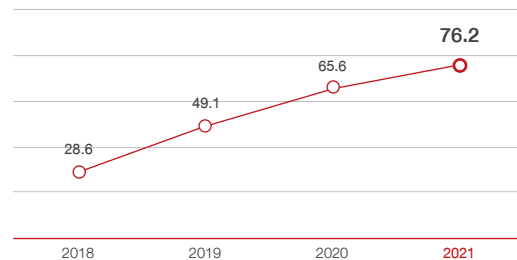


Despite a fluctuation, the RMB money market transaction amount increased by 110% from year 2018 to year 2021, which was from RMB 10.6 billion to RMB 22.3 billion. RMB FX transaction amount increased significantly from RMB 28.6 billion in year 2018 to RMB 76.2 billion in year 2021, achieved a total increase of 166%.

RMB Money Market Transaction (RMB billion)



RMB FX Transaction (RMB billion)



In the past 3 years, the Bank has launched various new products and services aimed to serve corporate and individual customers. With the continuous advancement of measures like RMB cross-border financing and trade settlement facilitation, the Bank launched many solid business lines, such as the remittance of cross-border RMB capital funds from China to Thailand, the use of RMB for settlement of foreign trade and services, as well as the payment of RMB trade settlement funds to China through foreign exchange. For individual customers, the Bank also

launched CNY Salary Remittance service, which is a fast and convenient way to transfer CNY from Thailand to China. In 2021, the amount of transaction through CNY Salary Remittance service exceeded RMB 230 million, increased by 84% year on year.

Contribution to UNSDGs:



Report on ICBC (Thai) Group Sustainability Statistic

Economic performance	Unit	2019	2020	2021
Assets	THB million	251,731	270,330	302,799
Loan to large corporate customer	THB million	117,193	118,053	116,029
Loan to medium and small corporate customer	THB million	5,470	4,117	3,407
Loan to individual customer	THB million	33,520	43,495	46,732
Total revenue	THB million	10,075	10,200	9,842
Employee's wages and benefits	THB million	1,464	1,530	1,630
Expenses for social activities & donation	THB million	2	1	1
Tax payment to government	THB million	802	590	893
Economic value retained	THB million	7,807	8,079	7,318
Environment performance (ICBC (Thai) Bank only)	Unit	2019	2020	2021
Loan and investment related to renewable energy	THB million	9,132	11,452	11,900
Investment in green and sustainable-linked bonds	THB million	-	180	2,480
Electric consumption	Kilowatt	866,675	780,751	711,520
Water consumption	Cubic meter	2,255	2,117	1,539
Paper consumption	Ton	8	9	7
Fuel consumption	Liter	106,500	101,077	77,678
Social performance	Unit	2019	2020	2021
Employee's wages and benefits	THB million	1,464	1,530	1,630
Expenses for social activities & donation	THB million	2	1	1
Tax payment to government	THB million	802	590	893
Employee data	Unit	2019	2020	2021
Total number of employee	Person	1,182	1,161	1,151
Employee by nationality				
- Thai	Person	1,133	1,113	1,107
- Chinese	Person	49	48	44
Employee by gender				
- Male	Person	460	443	428
- Female	Person	722	718	723
Employee by type of employment				
- Full-time employee	Person	1,167	1,154	1,146
- Contract employee	Person	15	7	5
Employee by type of workplace				
- Head office	Person	826	817	806
- Branch	Person	356	344	345
Training	Unit	2019	2020	2021
Total number of employees	Person	1,182	1,161	1,151
Total training hours	Hour	21,669	19,239	9,808
Average training hours per person	Hour/Person	18	17	9
Total training expense	THB million	3	2	3
Average training expense per person	THB/Person	2,855	1,548	2,450
Numbers of customers	Unit	2019	2020	2021
Juristic customers	Person	8,015	8,664	9,280
Non-juristic customers	Person	137,112	164,680	184,983
Access to services	Unit	2019	2020	2021
Number of branches	Branch	21	21	21
Number of ATMs	Machine	31	29	17

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises three qualified independent directors who fully met the qualifications under the rules and sound practices stipulated by the Bank's supervisory authorities. They are Ms. Ladda Siriwattanakosol, Pol.Gen. Werapong Chuenpagdee and Mr. Apinetr Unakul.

In 2021, the Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined in the Audit Committee Charter. In the year 2021, the Audit Committee held five meetings and reported the significance of its performed duties in each quarter to the Board of Directors with a summary as follows:

1. Financial Statements

The Audit Committee reviewed the accuracy and reliability of the semi-annual and annual financial statements of the Bank itself and the consolidated financial statements as well as the adequacy of disclosure of information supplementary to the financial statements and considered the issues noted from the audit of the financial statements conducted by the external auditors. The review was made along with the management from the Accounting Department and always with the external auditors in attendance by considering the accounting information, compliance with accounting standards and regulatory requirements. Furthermore, the Audit Committee held two meetings with the external auditors without the participation of the Bank's management to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions and any points of concern arising from their audits.

Considering the auditor's opinion expressed in the financial statements as well as the issues raised from examination of the external auditors, the Audit Committee opined that the Bank has maintained an adequate control system for preparing the financial statements. The Audit Committee considered and opined in line with the opinion of the external auditors that the financial statements fairly presented and adequately disclosed reliable information in conformity with the Thai Financial Reporting Standards (TFRS). The Audit Committee presented the results of the consideration on the financial statements to the Board of Directors for endorsement and acknowledgement. Meanwhile, the noticeable issues raised by the external auditors in the management letter were also brought into the consideration and acknowledgement of the Board of Directors as well. In the course of the external auditors' duties, they have independently performed their duties without limitation. The points of concern raised by the external auditors had been brought to the attention of the Audit Committee. It was reported that such concerns have been made well aware of and been well managed by the Bank's responsible executives.

2. Internal Control and Information Technology Control

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Audit Department and those of external auditors. Appropriate discussion with relevant executives would be taken as the case may be for ensuring the implementation of sound and adequate internal control system. In year 2021, the Audit Committee discussed with the executive of the Information Technology Division in regard to Cyber Security and IT Risk Management for ensuring that management is ready to mitigate the cyber risk and aware of management on IT risk in order to continue our services to the valued customers. The Audit Committee has been reported and discussed with the Director of the Bank's subsidiary who is responsible for the Internal Audit Function for ensuring that fraud protection and detection is covered in audit scopes as well as the effectiveness of internal control system. Further, the Audit Committee has discussed with the relevant management of the Bank's subsidiary in relevant to the audit findings of Floor Plan Business. The overall result did not reveal any significant noticeable deficiencies.

As for the Bank's audit system, the Audit Committee considered and approved the annual audit plan as well as the revision of the approved plan to be in line with the current situation and ensured that the audit scope covered the significant banking operations and any areas or processes which expose high risk to the Bank based upon the result of risk assessment. The Audit Committee also reviewed the audit performance against the approved audit plan on a quarterly basis. Further, the Audit Committee has acknowledged the Quality Assurance and Improvement Program (QAIP) Report for the year 2020 with the objective of evaluating the standardized operations of the Internal Audit Department in conformance with the International Professional Practices Framework (IPPF).

The Audit Committee was of the opinion that the Bank and its subsidiary maintained an appropriate and sufficient control system with sound management and remedial implementation. In addition, the audit systems have been sufficient, appropriate and capable to support business undertaking with sound supervision.

3. Regulatory Compliance

The Audit Committee supervised the Bank's compliance monitoring system through the operation audit. In addition, the Audit Committee regularly acknowledged reports on regulatory changes affecting the banking operations through the report of the Compliance Department.

As for business operation undertakings in year 2021 based upon the supervision through the whole year audit functions, there was no significant incompliance with the regulations of the Bank's supervisory authorities, nor any issues regarding conflict of interest. The Audit Committee opined that the Bank maintained the appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Reference is made to the policy of the Industrial and Commercial Bank of China Limited ("ICBC"), the Bank's parent company which requests all subsidiaries to maintain the identical statutory auditors in order to be in compliance with the same standards. From the year 2021 onwards, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. was recommended by ICBC to be the statutory auditors of the Bank and its subsidiary and the Audit Committee considered the performance, audit standards, experiences, independency and qualifications of the statutory auditors and recommended to propose Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be the statutory auditors of the Bank and its subsidiary for the year of 2022 with their proposed remuneration to the Board of Directors for consideration and further submission to the 2022 shareholders' meeting for approval.

5. Supervision of Credit Review Function

For the year 2021, the Audit Committee considered and approved the annual Credit Review Plan and reviewed the credit review performance to be in accordance with the Policy Statement of the Bank of Thailand related to reviewing of credit, loan, contingent liabilities and credit-like transactions through the Head of Credit Review Department to ensure that the Credit Review Department performed the credit review function as planned and performed duties independently without restrictions or limitations. Credit Review Department could perform their function with good cooperation from related business units and also monitored the completeness of the reviewed business units' corrective actions for their issues found. The Audit Committee proposed the annual review plan and the quarterly credit review results to the Board of Directors for ratification and acknowledgement respectively.

For new non-performing loans, the Credit Review Department conducted new NPL identification Responsibilities reports to identify root cause of NPL and the performance of the relevant business units who dealt with such new NPL accounts and provide some opinions. Then they were reported to the Audit Committee for consideration and suggestions (if any) and then to the Executive Committee for final decision making.

Apart from the above-mentioned credit related functions, the Audit Committee consulted with the Head of Credit Review Department in reviewing the appropriateness and adequacy of resources as well as provided recommendations when any problems or any significant issues were encountered. The Audit Committee also performed the annual performance evaluation of the Credit Review Department.

Ladda Siritwattanakosol

Ms. Ladda Siritwattanakosol

Chairperson of the Audit Committee

REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination, Compensation and Corporate Governance Committee (NCC) of Industrial and Commercial Bank of China (Thai) Public Company Limited (the Bank) comprises of three Non-executive Directors with the Chairman being an Independent Director.

In 2021, the NCC conducted its duties as assigned by the Board of Directors in accordance with the amended NCC Charter. The roles of the NCC are to nominate persons who possess the appropriate abilities, experience and qualifications to be appointed as Directors and Members of Committees and Senior Executives, propose appropriate compensations for Directors and Senior Executives to the Board of Directors and oversee that the Bank is in compliance with the principles of good corporate governance. Moreover, the NCC is responsible for ensuring that the policies, conditions and methods for the nomination and compensation of the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are clearly stated, transparent and appropriate to the significant risks of the company(ies) in the Bank's financial business group.

In the year 2021, the NCC held 8 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by law and the regulations of the Bank of Thailand to be the Directors of the Bank as well as Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment, as the case may be.
- Considered the hiring and/or appointments of 2 new Senior Executives and 2 acting Heads of Divisions and recommended it to the Board of Directors for approval.
- Considered revising the remuneration of Directors and recommended it to the Board of Directors and the Shareholders' Meeting for approval.
- Considered the bonus of the former Chairman of the Executive Committee and recommended it to the Board of Directors for approval.
- Considered the adjustment bonus for an expatriate Senior Executive and recommended it to the Board of Directors for approval.
- Considered the annual and adjustment salary increases and bonuses for the Senior Executives as assigned by the Board of Directors and recommended to the Board of Directors for ratification.
- Considered and approved the NCC Reports for the 1st half year 2021 and full year 2020.
- Considered the extension of staff retirement of Senior Executives and recommended it to the Board of Directors for approval.
- Considered the appointment of a Director to be a member of the NCC and proposed to the Board of Directors for approval.
- Considered the appointment of a new member of the Group Risk Supervision and Internal Control Committee and recommended it to the Board of Directors for approval.
- Considered the reappointment of members of the Audit Committee members and recommended it to the Board of Directors for approval.
- Considered the reservation of the right of the Board of Directors to appoint a new Director to replace the Director who resigned and proposed to the Board of Directors for approval.
- Considered the revision of the members of the Group Risk Supervision and Internal Control Committee and amendment to the Charter of the Group Risk Supervision and Internal Control Committee and proposed to the Board of Directors for approval.

- Considered the a) the amendments to the Policy, Criteria and Procedures for the Recruitment and Compensation of the Chief Executive Officer and Senior Executives and b) the Performance Evaluation and Remuneration Criteria for the Salary Increase and the Bonus Allocation for Local Senior Executives and proposed to the Board of Directors for approval.
- Considered the amendments to the Policy, Criteria and Procedures for the Nomination and Compensation of Directors and Members of Committees and proposed to the Board of Directors for approval.
- Considered the amendments to the Process for Accepting and Considering Complaints and proposed to the Board of Directors for approval.
- Considered the amendments to the Corporate Governance Policy and the Bank's Directives related to the remuneration of Senior Executives and proposed to the Board of Directors for approval.
- Considered the performance evaluation and remuneration criteria for the salary increase and bonus allocation for expatriate Senior Executives and proposed to the Board of Directors for approval.
- Reviewed the positions held in other companies by the Directors and Senior Executives of the Bank to ensure that they are able to fully devote time to perform their duties to the Bank effectively and submitted the review to the Board of Directors for approval.
- Acknowledged the resignation of 2 Directors.
- Acknowledged the results of the Board of Directors Assessment 2020.
- Acknowledged the NCC Self-Assessment for the year 2020.

The principles of good corporate governance are important for ensuring accountability, transparency and proper functioning of financial institutions in accordance with the principle of sustainable banking in which governance is an integral part of ESG (Environment, Social and Governance).

In addition to the requirements of the Bank's Corporate Governance related policies, the Bank also adheres to the measures of other guidelines and measures of the relevant supervisory authorities. Thus the Bank and its subsidiary strictly operate under the corporate governance guidelines, the anti-corruption measures of the Institute of Directors as well as the Corporate Governance for Financial Institutions and Handbook of Directors of Financial Institutions of the Bank of Thailand. Operating the Bank's business under the principle of good corporate governance not only helps ensure the fiduciary duty and enhance reputation of the Bank but also helps build a stronger foundation so that the Bank would be able to operate responsibly and grow sustainably.



Dr. Prasit Damrongchai

Chairman of the Nomination, Compensation
and Corporate Governance Committee

REPORT OF THE GROUP RISK SUPERVISION AND INTERNAL CONTROL COMMITTEE

The Group Risk Supervision and Internal Control Committee is established to assume the responsibilities of controlling, monitoring, examining and overseeing companies in the financial business group to ensure that they comply with the specified risk management policies, risk appetite, enterprise-wide risk management framework and internal control process as well as reviewing the adequacy and effectiveness of the specified policies and framework at least once a year. Ensure that the financial business group can effectively address the existing risks as well as having the effective internal control and being able to monitor and promptly control losses and errors that may occur.

The Group Risk Supervision and Internal Control Committee comprised of four members with the Chairman being independent director or non-executive director. The Committee is to be held at least once a quarter, and may be called upon the Chairman's discretion. The Group Risk Supervision and Internal Control Committee may ask the division heads or department heads of the Bank or of the other companies in the Bank's financial business group to join a meeting when needed and appropriate. Decisions shall be made by majority vote. In case of equality of votes, the Chairman of the meeting shall have the casting vote. In case the Chairman of the Group Risk Supervision and Internal Control Committee is absent, the Vice Chairman will be the Chairman of the meeting.

In year 2021, the Committee held 4 meetings, in total, to conduct the following matters:

- Considered and reviewed the risk management policies and procedures, Risk Appetite, Quarterly Risk Management Report which covered the overall risk management of the Bank and its subsidiaries, Stress Test, Self-Risk Assessment Report, ICAAP, BIA report, Recovery Plan and other important special risk matters then recommended to the Board of Directors for acknowledgement or approval.
- Acknowledged risk related agendas such as RCSA reports, BCP/DRP summary activities, Cyber Risk Management Guideline and TFRS9 Management Overlay, Guideline on strengthening the responsibilities of the Three Lines of Defense for Enterprise-wide Risk Management, Corruption Risk Assessment, Credit Business with SBLC as the collateral, Cyber Security Quarterly Report.
- Approved various product risk analysis, BCP/DRP test plan, KRI template, significant IT project risk assessment.

The Group Risk Supervision and Internal Control Committee has performed its duties within the roles and responsibilities and has used the knowledge and experience with care and prudence for the maximum benefit of the financial business group.

Dr. Verapong Chaiperm

Chairman of the Group Risk Supervision
and Internal Control Committee

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Operating Results

Based on consolidated performance for the year ended 31 December 2021, the Bank and the subsidiary's net profit was THB 2,652 million, increased by THB 267 million or 11% compared to 2020.

Net Interest income was THB 5,747 million, increased by THB 551 million or 11% compared to 2020 mainly due to a decrease in interest expenses.

Net fees and service income was THB 672 million, decreased by THB 238 million or 26% compared to 2020 mainly due to a decrease of fee income from the performance bond guarantee to a customer and a decrease in fee income from life insurance and assurance from the leasing business.

Gains on disposals of equipment, properties foreclosed and other assets was THB 340 million, increased by THB 104 million or 44% compared to 2020 mainly due to an increase in gain on disposal of assets for sale and gain on disposal of non-performing loan.

Bad debts recovered was THB 522 million, increased by THB 187 million or 56% compared to 2020.

Loss on properties foreclosed (Non-Performing Assets or NPA) and other assets in 2021 was THB 304 million, increased THB 97 million or 47% from 2020 because the Bank set additional provision for the assets for sale (NPA) according to Bank of Thailand's requirement.

Net losses on financial instruments measured at FVTPL in 2021 was THB 207 million, decreased by THB 158 million or 43% compared to 2020.

Total operating expense excluding provision for the assets for sale (NPA) was THB 2,416 million, increased by THB 59 million or 2% from 2020.

In 2021, the Bank and its subsidiary recorded expected credit loss, bad debts, doubtful accounts and impairment losses of THB 1,075 million, increased by THB 231 million or 27% from 2020. The amount is set higher than the regulatory requirements in light of the high uncertainties in the Thai and world economic situations resulting from the COVID-19 outbreak.

Key statement of profit items	(Unit: Million Baht)		
	2021	2020	% change
Net interest income	5,747	5,195	11%
Net fees and service income	672	910	(26%)
Gains on disposals of equipments, properties foreclosed and other assets	340	236	44%
Bad debts recovered	522	335	56%
Losses on properties foreclosed (NPA) and other assets	(304)	(207)	47%
Net losses on financial instruments measured at FVTPL	(207)	(364)	(43)%
Total other operating expenses (excluded losses on NPA)	(2,416)	(2,357)	2%
Expected credit loss, bad debts, doubtful accounts and impairment losses	(1,075)	(844)	27%
Net profit after tax	2,652	2,385	11%

Financial Position

The total assets of the Bank and its subsidiary as of 31 December 2021 stood at THB 302,799 million, increased by THB 32,469 million or 12% from the end of last year mainly from the increase in all earning assets, especially interbank and money market items and investment.

Loans to customers and accrued interest receivables, net was THB 158,744 million, decreased by THB 345 million.

Total net investment was THB 75,571 million, increased by THB 1,618 million or 2%.

Interbank and money market items were THB 64,219 million, increased by THB 32,569 million or 103%.

Total liabilities of the Bank and its subsidiary as of 31 December 2021 stood at THB 265,958 million, increased by THB 29,677 million or 13% from the end of last year in order to finance an expansion of assets.

Deposits as of 31 December 2021 stood at THB 158,928 million, increased by THB 11,882 million or 8%, debt issued and borrowing was THB 48,644 million, increased by THB 4,093 million or 9% and interbank and money market items was THB 53,634 million, increased by THB 14,681 million or 38%.

Shareholder's equity of the Bank and its subsidiary as of 31 December 2021 stood at THB 36,840 million, increased by THB 2,791 million or 8% from the end of 2020 due to an increase in net profit for 2021, which was fully allocated to retained earnings.

Key financial position items	(Unit: Million Baht)		
	31 Dec 2021	31 Dec 2020	% change
Loans to customers and accrued interest receivables, net	158,744	159,089	(0)%
Investments, net	75,571	73,953	2%
Interbank and money market items, net	64,219	31,650	103%
Total assets	302,799	270,330	12%
Deposits	158,928	147,046	8%
Total liabilities	265,958	236,281	13%
Total equity	36,840	34,049	8%

Asset Quality

At the end of December 2021, the consolidated NPL amount was THB 939 million, decreased by THB 570 million from the end of 2020 and gross NPL ratio of the Bank and its subsidiary was 0.42% lower than 0.78% at the end of 2020.

Consolidated	31 Dec 2021		31 Dec 2020	
	Million Baht	%	Million Baht	%
NPLs to total loans ratio (before deduct allowance for expected credit loss)	939	0.42%	1,509	0.78%

At the end of December 2021, the consolidated coverage ratio was 772.18% which was higher than 435.17% at the end of 2020.

Consolidated	31 Dec 2021	31 Dec 2020
Coverage Ratio	772.18%	435.17%

Capital Adequacy Ratio

As at 31 December 2021, the capital fund of the Bank and its subsidiary before deducting capital add-on arising from Single Lending Limit (SLL) was THB 42,350 million.

The BIS ratio stood at 18.08% of capital fund to total risk weighted assets, which was higher than the Bank of Thailand's minimum requirement of 11%.

Capital funds	(Unit: Million Baht)	
	31 Dec 2021	31 Dec 2020
Tier 1 capital	34,556	32,426
Tier 2 capital	7,794	7,769
Total capital funds	42,350	40,195

Capital ratios	(Unit: Percentage)	
	31 Dec 2021	31 Dec 2020
Ratio of tier 1 capital to risk assets	14.75%	14.01%
Ratio of tier 2 capital to risk assets	3.33%	3.35%
Ratio of total capital to risk assets	18.08%	17.36%

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.



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.

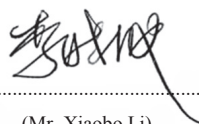
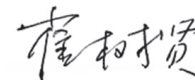
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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


(Mr. Xiaobo Li)
Director

(Mr. Shuxian Cui)
Director

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

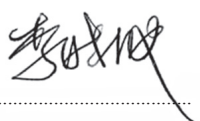
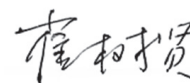
The accompanying notes are an integral part of these financial statements.

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					
		CONSOLIDATED		THE BANK	
	Notes	2021	2020	2021	2020
OTHER COMPREHENSIVE INCOME (LOSS)	8.33				
<i>Components of other comprehensive income (loss)</i>					
<i>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)</i>					
<i>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


(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

CONSOLIDATED

UNIT : THOUSAND BAHT

Note	Issued and paid-up share capital		Treasury shares		Difference arising from business combinations under common control	Other components of equity				Retained earnings		Total equity attributable to the Bank's shareholders	Non controlling interest	Total equity
	Preference shares	Ordinary shares	Preference shares	Ordinary shares		Exchange differences on translating foreign operations	Gain (loss) in fair value of debt instruments	Gain (loss) in fair value of investment in equity instruments	Cash flow hedge reserve	Appropriated	Unappropriated			
Balance as at January 1, 2020	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
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	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
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
Balance as at January 1, 2021	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
Fair value through other comprehensive income	-	-	-	-	-	(62,648)	(76,340)	174,065	36,224	-	38,310	38,310	-	38,310
Total comprehensive income (loss)	-	-	-	-	-	(50,716)	20,555	295,742	32,790	-	2,681,854	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

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			
Balance as at January 1, 2020	4,024	20,128,070	(156)	(50,338)	104,311	125,173	-	1,600,000	7,855,414	29,766,498		
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	16,586	16,586		
Total comprehensive income (loss)	-	-	-	-	(7,416)	(3,496)	(3,434)	-	1,361,889	1,347,543		
Transfer to legal reserve	-	-	-	-	-	-	-	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		
Balance as at January 1, 2021	4,024	20,128,070	(156)	(50,338)	96,895	121,677	(3,434)	2,015,000	8,818,889	31,130,627		
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	38,310	38,310		
Total comprehensive income (loss)	-	-	-	-	(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		

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
Decrease (increase) in operating assets					
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			
		CONSOLIDATED		THE BANK	
	Notes	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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

The Federation of Accounting Professions has issued the Notification regarding the amendments to Thai Financial Reporting Standards No. 4 “Insurance Contracts”, Thai Financial Reporting Standards No. 7 “Financial Instruments: Disclosures”, and Thai Financial Reporting Standards 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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.

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

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.

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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”).

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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.

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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.

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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.

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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);

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- 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.

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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.

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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;

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- 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.

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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.

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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.

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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.

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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.

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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.

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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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

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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.

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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.

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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; and

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.

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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.

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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.

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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.

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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.

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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.

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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.

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*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.

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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

Risk level	Consolidated 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	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

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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

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FOR THE YEAR ENDED DECEMBER 31, 2021

Unit : Million Baht

Risk level	The Bank 2020			
	Stage 1	Stage 2	Stage 3	Total
<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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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

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FOR THE YEAR ENDED DECEMBER 31, 2021

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

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	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

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NOTES TO THE FINANCIAL STATEMENTS

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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.

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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.

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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						
	Maturity						
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
Financial assets							
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	5,792	97,457	55,129	117,938	27,089	2,239	305,644
Financial liabilities							
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	40,569	101,332	79,084	35,459	4,990	-	261,434

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

	The Bank						Unit : Million Baht
	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
Financial assets							
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
Financial liabilities							
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

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	The Bank						Unit : Million Baht
	2020	Maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity	Total
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.

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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	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

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	Consolidated							Unit : Million Baht
	2020							
	At call	Interest repricing/ maturity				Non-Interest bearing	Non-performing assets	Total
	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

	The Bank							Unit : Million Baht
	2021							
	At call	Interest repricing/ maturity				Non-Interest bearing	Non-performing assets	Total
	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

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	The Bank						Unit : Million Baht		
	2020						Non-Interest bearing	Non-performing assets	Total
	At call	Interest repricing/ maturity			Over 5 years	Over 1 year to 5 years			
	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Over 1 year to 5 years	Over 5 years	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 interest rate
	<i>(million Baht)</i>	<i>(%)</i>	<i>(million Baht)</i>	<i>(%)</i>
Financial assets				
Interbank and money market items	52,703	457	0.87	1.36
Investments	73,913	1,798	2.43	2.52
Loans to customers	172,946	3,764	2.18	2.50
Financial liabilities				
Deposits	159,731	1,107 ⁽²⁾	0.69	1.18
Interbank and money market items	44,761	288	0.64	1.59
Debts issued and borrowings	46,699	928 ⁽³⁾	1.99	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

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	The Bank					
	2021		2020			
	Average Balances ⁽¹⁾	Interest	Average interest rate	Average Balances ⁽¹⁾	Interest	Average interest rate
	<i>(million Baht)</i>		<i>(%)</i>	<i>(million Baht)</i>		<i>(%)</i>
Financial assets						
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
Financial liabilities						
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	Consolidated			
	2021		2020	
	Upward 100 bps	Downward 100 bps	Upward 100 bps	Downward 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

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Currency	Unit : Million Baht			
	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					
	2021			2020		
US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	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					
	2021			2020		
US Dollar	Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	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.

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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

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		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

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Unit : Million Baht					
The Bank					
2021					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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			Total
		Level 1	Level 2	Level 3	
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

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Unit : Million Baht

	Carrying amount	The Bank 2020 Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities					
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.

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

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

Derivatives

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

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

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	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
<u>Less</u> 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.icbthai.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.

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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.

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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

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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.

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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
Financial assets					
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
Financial liabilities					
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

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	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
Financial assets					
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
Financial liabilities					
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
Financial assets					
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

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	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
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				
	The Bank				
	2020				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	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

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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		2020			
	Fair value		Notional amount ⁽¹⁾	Fair value		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	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.

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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		Notional Amount ⁽¹⁾
	Assets	Fair value Liabilities	
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		Notional Amount ⁽¹⁾
	Assets	Fair value Liabilities	
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.

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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		
	AMC			
<i>Investments in debt instruments measured at AMC</i>				
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	36,812,192	35,345,738		
	Fair value			
<i>Investments in debt instruments measured at FVOCI</i>				
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	38,262,319	38,321,008		
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	496,419	6,966	285,802	5,410
Total investment, net	75,570,930		73,952,548	

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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		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.

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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
<u>Add</u> 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
<u>Less</u> 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

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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⁾	165,888,690	165,553,501	111,156,823	114,899,808

⁽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
	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	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⁾	154,768,217	9,710,489	939,364	165,418,070

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

⁽²⁾ Total loans to customers refer to Note 8.7.1

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

⁽¹⁾ Others 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				
	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	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⁾	105,515,104	4,854,802	259,804	110,629,710

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

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

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

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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 (% per annum)	2021 (in million Baht)	2020 (in million Baht)
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
Less 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.

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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

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FOR THE YEAR ENDED DECEMBER 31, 2021

Unit : Thousand Baht

	Consolidated 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	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

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Unit : Thousand Baht

	The Bank			Total
	2021			
	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

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FOR THE YEAR ENDED DECEMBER 31, 2021

	The Bank			Unit : Thousand Baht
	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

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

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FOR THE YEAR ENDED DECEMBER 31, 2021

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>	<u>56,572</u>
<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>	<u>53,736</u>
<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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

The details of properties foreclosed as at December 31, 2021 and 2020 are as follows:

Types of properties foreclosed	Beginning balance	Additions	Consolidated 2021		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals	Ending balance	
Unit : Thousand Baht					
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	Beginning balance	Additions	Consolidated 2020		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals	Ending balance	
Unit : Thousand Baht					
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.

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Types of properties foreclosed	Beginning balance	Additions	The Bank 2021		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals	Ending balance	
Unit : Thousand Baht					
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	-

Types of properties foreclosed	Beginning balance	Additions	The Bank 2020		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals	Ending balance	
Unit : Thousand Baht					
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.

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

	The Bank			Unit : Thousand Baht
	Balance as at January 1, 2021	Additions	Disposals/ decrease	Balance as at December 31, 2021
Cost				
Land	8,500	-	-	8,500
Buildings and building 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 building 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

	The Bank			Unit : Thousand Baht
	Balance as at January 1, 2020	Additions	Disposals/ decrease	Balance as at December 31, 2020
Cost				
Land	8,500	-	-	8,500
Buildings and building 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 building 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
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2020	Thousand Baht	107,413
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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.

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8.12 Intangible assets, net

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

	Consolidated				Unit : Thousand Baht
	Balance as at January 1, 2021	Additions	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

	Consolidated				Unit : Thousand Baht
	Balance as at January 1, 2020	Additions	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

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	Unit : Thousand Baht				
	Balance as at January 1, 2021	Additions	The Bank		Balance as at December 31, 2021
			Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	
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		Balance as at December 31, 2020
			Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	
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

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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	

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	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

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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

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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:

	Maturity	Consolidated		Maturity	Consolidated	
		2021 Interest rate (%)	Amount (Thousand Baht)		2020 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

	Maturity	The Bank		Maturity	The Bank	
		2021 Interest rate (%)	Amount (Thousand Baht)		2020 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).

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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
	<u>49</u>	<u>74</u>	<u>35</u>	<u>63</u>
Included in other comprehensive income				
Actuarial losses (gains)				
- Demographic assumptions	7	-	7	-
- Financial assumptions	(26)	18	(24)	18
- Experience adjustment	(24)	(7)	(29)	(7)
	<u>(43)</u>	<u>11</u>	<u>(46)</u>	<u>11</u>
Benefit paid	<u>(22)</u>	<u>(17)</u>	<u>(14)</u>	<u>(17)</u>
Ending	<u>354</u>	<u>370</u>	<u>281</u>	<u>306</u>

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<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			
	Consolidated		Consolidated	
	2021	2020	2021	2020
	1% increase in assumption		1% decrease in assumption	
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			
	The Bank		The Bank	
	2021	2020	2021	2020
	1% increase in assumption		1% decrease in assumption	
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)"

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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					
	Gross amount	Amount offset in statement of financial position	2021 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					
	Gross amount	Amount offset in statement of financial position	2020 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

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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	
Financial assets						
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	
Financial liabilities						
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	
Financial assets						
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	
Financial liabilities						
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	
Financial assets						
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	

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Unit : Million Baht						
Type of financial instruments	Amount presented in statement of financial position	The Bank 2021		Notes	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				
<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		Notes	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				
<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 (thousand shares/thousand Baht)	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

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	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	2,256,510	20,128,070	2,256,510	20,128,070
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

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.

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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:

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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

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

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	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

NOTES TO THE FINANCIAL STATEMENTS

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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

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	Unit : Million Baht				
	Consolidated			Elimination entries	Total
	Banking business	Hire purchase, finance lease and factoring business	2021 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			Elimination entries	Total
	Banking business	Hire purchase, finance lease and factoring business	2020 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			Total
	Domestic business	Foreign Business	2021 Elimination entries	
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

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	Unit : Million Baht			
	Consolidated			
	2020			
	Domestic business	Foreign Business	Elimination entries	Total
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							
	2021				2020			
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
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			
	The Bank			
	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

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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
Fees and service income				
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

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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	
	2021	2020	The Bank	
			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
	723,791	399,265	546,193	206,309
Deferred tax expense				
Movements in temporary differences	(28,809)	192,130	(185,381)	40,602
	(28,809)	192,130	(185,381)	40,602
Total income tax expense	694,982	591,395	360,812	246,911

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Reconciliation of effective tax rate

	Rate	Consolidated	
		2021 (in thousand Baht)	2020 (in thousand Baht)
Profit before income tax expense	20	3,347,117	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	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.

	Rate	The Bank	
		2021 (in thousand Baht)	2020 (in thousand Baht)
Profit before income tax expense	20	1,878,792	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	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					
	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)

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	Unit : Thousand Baht					
	The Bank			The Bank		
	2021	2021	2021	2020	2020	2020
	Before tax	Tax expense	Net of tax	Before tax	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	213,558	(47,506)	166,052	(56,737)	37,986	(18,751)

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 <i>(in million Baht)</i>	2,652	2,385	1,518	1,366
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding <i>(in million shares)</i>	2,257	2,257	2,257	2,257
Effect of ordinary shares and preference shares held by the Bank <i>(in million shares)</i>	(2)	(2)	(2)	(2)
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding <i>(in million shares)</i>	2,255	2,255	2,255	2,255
Earnings per share (basic) (Baht)	1.18	1.06	0.67	0.61

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.

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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;

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- 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

The consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020

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

The consolidated statement of cash flows for the year ended December 31, 2020

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

The Bank's statement of profit or loss and other comprehensive income for the year ended December 31, 2020

Account	Previous presentation	Current presentation	Amount
Fee and service income	Interest income	Fee and service income	103,166

The Bank's statement of cash flows for the year ended December 31, 2020

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

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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.

AUDITORS

Statutory auditor names and their engaged office

There are 4 auditors which have been nominated as the list below:

- | | |
|------------------------------|--------------------------------------|
| - Mr. Yongyuth Lertsurapibul | Certified Public Accountant No. 6770 |
| - Mrs. Nisakorn Songmanee | Certified Public Accountant No. 5035 |
| - Mrs. Wilasinee Krishnamra | Certified Public Accountant No. 7098 |
| - Ms. Kornthong Luangvilai | Certified Public Accountant No. 7210 |

Engaged Office

Deloitte Touche Tohmatsu Jaiyos Audit Company Limited

AIA Sathorn Tower, 23-27 Floors, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand

Tel 0 2034 0000

The auditor of the subsidiary of the bank

The auditors of ICBC (Thai) Leasing Co., Ltd. (the Bank' subsidiary) are the auditors who are under the same office of the Bank's. The proposed auditors have no relationship with or interests in the Bank/Subsidiies/executives/major shareholder or related parties thereof.

Remuneration of auditors

The audit fee of Bank and Bank's subsidiary for the year 2021 was Baht 6,210,000 the audit fee of the Bank was Baht 4,000,000, ICBC (Thai) Leasing Co., Ltd. (Bank's subsidiary) was Baht 1,760,000 and Insurance Broker Company (Leasing Company's subsidiary) was Baht 450,000.

MANAGEMENT STRUCTURE

1. Board of Directors

The Board of Directors comprises of 11 members including qualified Directors, Directors who are ICBC representatives and 5 Independent Directors as follows:

Mr. Yimin Hu	Chairman*
Mr. Xiaobo Li	Director
Dr. Prasit Damrongchai	Independent Director
Ms. Ladda Siri wattanakosol	Independent Director
Dr. Verapong Chaiperm	Independent Director
Mr. Yong Hu	Director
Ms. Jing Jin	Director**
Dr. Shuxian Cui	Director***
Mr. Yang Liu	Director
Pol. Gen. Werapong Chuenpagdee	Independent Director
Mr. Apinetr Unakul	Independent Director

* Appointed on 7 October 2021

** Appointed on 29 December 2021

*** Appointed on 20 October 2021

Resigned Director	Date of Resignation
Mr. Jianfeng Zheng	30 October 2021

According to the Bank's Articles of Association, the Board of Directors' meeting shall be held at least once every three months. At least one half of the total number of Directors must be present to form a quorum.

The Board of Directors has the duties and responsibilities to set the overall direction, strategic objectives and policies of the Bank and to supervise and oversee the efficient management of the Bank. It also has a responsibility to ensure that the Bank has appropriate risk management systems in place and sufficient capital funds to cover current and future risks. In addition, it has the responsibility to monitor the Bank's business operations to ensure that the Bank has effective internal control and audit systems in place and that the Bank's operations are in compliance with the laws, the Bank's policies, resolutions of the shareholders' meetings, and principles of good corporate governance so that the stakeholders and customers will have confidence in the Bank. Moreover, it is responsible for assigning one or several Directors or other persons to perform actions on its behalf.

Attendance in 2021

Name of Director	Attendance	Percentage of Attendance
Mr. Yimin Hu	1/1	100%
Mr. Xiaobo Li	5/5	100%
Dr. Prasit Damrongchai	5/5	100%
Ms. Ladda Siri wattanakosol	5/5	100%
Dr. Verapong Chaiperm	4/5	80%
Mr. Jianfeng Zheng	4/4	100%
Mr. Yong Hu	5/5	100%
Dr. Shuxian Cui	1/1	100%
Mr. Yang Liu	5/5	100%
Pol. Gen. Werapong Chuenpagdee	5/5	100%
Mr. Apinetr Unakul	5/5	100%

2. Independent Directors

The Board of Directors has determined the qualifications of the Bank's Independent Directors to be in compliance with the qualifications of Independent Directors specified by the Bank of Thailand (BOT) under the Principles of Corporate Governance for Financial Institutions and by the Capital Market Supervisory Board. The qualifications stipulate that an Independent Director must be a Director who does not have any business relationship with or participate in the management of or have any interest in the Bank which may affect his or her independent decision.

3. Committees under the Board of Directors' Direct Supervision

The Board of Directors has appointed four committees to oversee and ensure an efficient management system which is in compliance with the Bank's policies. Each committee's responsibilities have been clearly specified. In addition, in accordance with the Handbook for the Directors of Financial Institutions of the Bank of Thailand, the Board of Directors is responsible for overseeing the performance of the committees

under the direct supervision of the Board of Directors and requires that these committees report their performance to the Board of Directors on a regular basis. The four committees which are under the direct supervision of the Board of Directors are the Executive Committee; Audit Committee; Nomination, Compensation and Corporate Governance Committee; and Group Risk Supervision and Internal Control Committee. Details are as follows:

3.1 The Executive Committee

Comprises 6 Directors and Senior Executives as follows:

Mr. Xiaobo Li	Chairman
Dr. Shuxian Cui	Member*
Mr. Yang Liu	Member
Mr. Yongmin Tang	Member
Ms. Suree Wipatakanok	Member
Mr. Som Pisarnsopon	Member

* Appointed on 10 January 2022

Resigned Members	Date of Resignation
Mr. Shiqiang Lin	8 February 2021
Mr. Wan Huat Joseph Chia	30 April 2021

The Executive Committee has the responsibility to perform duties as delegated by the Board of Directors including the formulation of criteria and procedures for consideration and approval of credit facilities, debt restructuring, securities investments, acquisition or disposal of immovable properties resulting from debt restructuring or mortgage of properties of the Bank and any other normal businesses of the Bank. It also has the responsibilities to appoint sub-committees as well as amend, revise and alter the authorities and responsibilities of sub-committees. In addition, the Executive Committee is responsible for considering all matters which are to be proposed to the Board of Directors. It must also monitor the Bank's operations and report findings to the Board of Directors on a regular basis.

Attendance in 2021

Name of Director	Attendance	Percentage of Attendance
Mr. Xiaobo Li	39/44	89%
Mr. Shiqiang Lin	8/8	100%
Mr. Yang Liu	49/52	94%
Mr. Yongmin Tang	47/52	90%
Ms. Suree Wipatakanok	47/52	90%
Mr. Som Pisarnsopon	50/52	96%
Mr. Wan Huat Joseph Chia	11/19	58%

3.2 The Audit Committee

Comprises 3 Independent Directors as follows:

Ms. Ladda Siriwattanakosol	Chairperson
Pol. Gen. Werapong Chuenpagdee	Member
Mr. Apinetr Unakul	Member

The Audit Committee has responsibilities to review and ensure that the Bank and the companies in its financial business group have accurate and adequate financial reports as well as suitable and efficient internal control and internal audit systems. It must ensure that the operations of the Bank and the companies in its financial business group are in compliance with the relevant laws and regulations in relation to the business of the Bank and its financial business group. It also has the responsibilities to consider, select and nominate an independent person to be the Bank's statutory auditor and to propose such person's remuneration; and meet the independent auditor at least once a year without the presence of the management. Moreover, the Audit Committee has a duty to review transactions which may lead to conflicts of interest to ensure that they are conducted in compliance with relevant laws and regulations which are proceeded in a reasonable manner for the utmost benefits to the Bank. The meetings for review of credit transactions and Credit Review performance are held separately for the Audit Committee by the Credit Review Department.

Attendance of the Audit Committee Meetings in 2021

Name of Director	Attendance	Percentage of Attendance
Ms. Ladda Siriwattanakosol	5/5	100%
Pol. Gen. Werapong Chuenpagdee	5/5	100%
Mr. Apinetr Unakul	4/5	80%

Attendance of the Audit Committee for Credit Review Meetings in 2021

Name of Director	Attendance	Percentage of Attendance
Ms. Ladda Siriwattanakosol	4/4	100%
Pol. Gen. Werapong Chuenpagdee	3/4	75%
Mr. Apinetr Unakul	4/4	100%

3.3 The Nomination, Compensation and Corporate Governance Committee

Comprises 3 Non-executive Members with the Chairman being an Independent Director as follows:

Dr. Prasit Damrongchai	Chairman
Mr. Yong Hu	Member
Ms. Jing Jin	Member*

* Appointed on 29 December 2021

Resigned Member	Date of Resignation
Mr. Jianfeng Zheng	30 October 2021

The Nomination, Compensation and Corporate Governance Committee has the duties and responsibilities as follows:

(1) Nomination

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to establish policies, criteria and procedures for the selection of Directors, Members of Committees and Senior Executives for the Board of Directors' approval. It also has the responsibility to recommend to the Board of Directors the appropriateness of the size and composition of the Board of Directors, as well as any other adjustment required in order to adapt to changes in the business environment. The Committee shall consist of members with knowledge, skill and experience in various fields which are beneficial to the business of the Bank.

The Committee is responsible for the nomination of Directors, Members of Committees and Senior Executives by selecting qualified candidates according to the Bank's criteria to be appointed as Directors, Members of Committees and Senior Executives. The candidates shall not possess prohibited characteristics specified in the Financial Institutions Businesses Act B.E. 2551, the BOT's criteria and other relevant laws. For the position of Independent Director, a candidate shall possess all qualifications as set by the Bank's criteria, which are in line with the criteria of the supervisory authorities. It is also responsible for overseeing that there is a mechanism or tool to support the nomination of Directors. The most suitable candidates will be recommended to the Board of Directors for appointment or for proposing to the shareholders' meeting for approval, as the case may be.

Moreover, the Committee is to ensure that the policies, conditions and methods for the nomination of the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are clearly stated, transparent and appropriate to the significant risks of the company(ies) in the Bank's financial business group.

In the case of election of the Directors to replace those who are scheduled to retire by rotation, the Committee will consider the qualifications and past performance of the Directors to ensure that such Directors have proper qualifications to be the Bank's Director before proposing to the Board of Directors' and shareholders' meetings for re-appointment.

(2) Compensation

The Nomination, Compensation and Corporate Governance Committee has the responsibility to establish policies regarding compensation and benefits granted to the Directors, Members of Committees and Senior Executives for the Board of Directors' approval as well as overseeing that the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are appropriately compensated backed by appropriate policies, conditions and methods for such compensation. The policies shall be based on clear and transparent criteria.

The Committee shall ensure that compensation is reasonable, comparable to the rates of other comparable financial institutions, compatible with the Bank's performance and commensurate with the Directors' Members of Committees' or senior executives' duties, responsibilities and experience. Directors assigned with additional duties and responsibilities as members of Committees should receive additional compensations that commensurate

such additional assignments. It is also responsible for overseeing that there is a mechanism or tool to support the nomination of Directors by discussing with the Group Risk Supervision and Internal Control Committee the nomination and remuneration policy can reflect the significant risks of the Bank.

In addition, the Committee has the responsibility to formulate guidelines on the assessment of the performances of the Board of Directors and Senior Executives to be used to determine their annual compensations.

(3) Corporate Governance

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to develop and review the Bank's Corporate Governance Policy and procedures to ensure that they are in line with the Principles of Good Corporate Governance of the Bank of Thailand. The Committee also has a responsibility to advise the Board of Directors, the management and staff regarding corporate governance best practices and business ethics, while maintaining efficient management.

In addition, the Nomination, Compensation and Corporate Governance Committee is responsible for overseeing the CG Policy of the and practice of the company(ies) in the financial business group of the Bank and consider the nomination and compensation of the directors and Managing Director of company(ies) in the Bank's financial business group.

Attendance in 2021

Name of Director	Attendance	Percentage of Attendance
Dr. Prasit Damrongchai	8/8	100%
Mr. Jianfeng Zheng	6/6	100%
Mr. Yong Hu	8/8	100%

3.4 The Group Risk Supervision and Internal Control Committee

Comprises 4 Members as follows:

Dr. Verapong Chaiperm	Chairman
Ms. Ladda Siriwattanakosol	Vice Chairperson
Mr. Xiaobo Li	Member
Dr. Shuxian Cui	Member*

* Appointed on 10 January 2022

Resigned Member

Mr. Seksan Chunsereechai

Date of Resignation

10 January 2022

The Group Risk Supervision and Internal Control Committee has 2 main responsibilities risk oversight and internal control of the Bank and company(ies) in its financial business group as follows:

1) Risk Oversight

The Group Risk Supervision and Internal Control Committee is responsible for providing recommendations to the Board of Directors regarding the risk management framework as well as ensuring that the Chief Risk Officer (CRO) complies with the risk management policies, strategies and risk appetite of the Bank and evaluate the performance of the CRO. It shall oversee that the strategies on capital and liquidity management are in line with the approved risk appetite as well as monitoring and controlling of the risk management policies by the financial group to ensure that such policies are implemented as defined and are in compliance with the Bank of Thailand's regulations. The Committee shall also report significant risk related issues to the Bank's Board of Directors.

2) Internal Control

The Group Risk Supervision and Internal Control Committee is responsible for defining internal control policy and objective of the financial group and organize the formulation of the internal control programs to ensure the efficiency and sufficiency of monitoring system. The Committee shall ensure that there is an effective three lines of defense structure and clear segregation of duties. It shall also promote the financial group to perform internal control, analyze material control deficiencies and review the assessment reports and results.

Attendance in 2021

Name of Director	Attendance	Percentage of Attendance
Dr. Verapong Chaiperm	4/4	100%
Ms. Ladda Siriwattanakosol	4/4	100%
Mr. Xiaobo Li	3/3	100%
Mr. Seksan Chunsereechai	4/4	100%

In addition to the four abovementioned committees, the Bank also has other important committees reporting directly to the Executive Committee such as the Management Committee, the Credit Committee, the Asset Management Committee and the Technology Committee.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES IN 2021

1. Remuneration of Directors

Remuneration of Directors		
No.	Name	Amount
1	Dr. Prasit Damrongchai	630,000.00
2	Ms. Ladda Siriwattanakosol	630,000.00
3	Dr. Verapong Chaiperm	600,000.00
4	Pol. Gen. Werapong Chuenpagdee	630,000.00
5	Mr. Apinetr Unakul	630,000.00
Total		3,120,000.00

Remuneration of Members of the Audit Committee		
1	Ms. Ladda Siriwattanakosol	600,000.00
2	Pol. Gen. Werapong Chuenpagdee	360,000.00
3	Mr. Apinetr Unakul	360,000.00
Total		1,320,000.00

Remuneration of Member of the Nomination, Compensation and Corporate Governance Committee		
1	Dr. Prasit Damrongchai	600,000.00
Total		600,000.00

Remuneration of Member of the Group Risk Supervision and Internal Control Committee		
1	Dr. Verapong Chaiperm	600,000.00
2	Ms. Ladda Siriwattanakosol	360,000.00
Total		960,000.00
Grand Total		6,000,000.00

2. Remuneration of Executives in 2021

Executives	2021	
	No. of Person	Total Amount (Baht)
Total	14	115,560,504.86

Directors' and Senior Executives' Holding of Positions in other Companies as of 31 December 2021

Name	ICBC (Thai)	Position		
		The Bank's Financial Business Group	Directors	Other Companies
1. Mr. Xiaobo Li	Authorized Director	Authorized Director/Chairman of the Board of Directors	ICBC (Thai) Leasing Co., Ltd.	-
2. Dr. Prasit Damrongchai	Independent Director	-	Independent Director/Vice Chairman/Chairman of the Audit Committee	Dhipaya Insurance PLC
3. Ms. Ladda Siriwattanakosol	Independent Director	-	Independent Director/Vice Chairman/Chairman of the Audit Committee	Dhipaya Group Holding PLC
4. Dr. Verapong Chaiperm	Independent Director	-	Independent Director/Vice Chairman/Chairperson of the Remuneration Committee/Member of the Audit Committee/Member of the Risk Management Committee	Pace Development Corporation PLC
5. Mr. Yong Hu	Non-Executive Director	-	Executive Director/Vice Chairman of the Board of Director/Chairman of the Executive Committee	Proud Real Estate PLC
			Chairman of the Board of Directors	Digital Government Development Agency
			Director	ICBC (Moscow) JSC
			Non-Executive Supervisor	ICBC Technology Company Limited
			Director	ICBC Financial Asset Investment Company Limited
6. Pol. Gen. Werapong Chuenpagdee	Independent Director	-	Independent Director/Member of the Audit Committee	Country Group Development PLC.
			Independent Director/Member of the Audit Committee/Chairman of the Good Corporate Governance Committee	Country Group Holding PLC.
			Independent Director/Chairman of Audit Committee	Thai Hua Rubber PLC.
			Independent Director/Chairman of the Audit Committee	Sinsianyerpao Co., Ltd.
			Director	Fusin Mining Industry (Thailand) Co., Ltd.
			Independent Director	Richland Property Development Co., Ltd.
			Director	Boonyachinda Foundation for Thai Royal Police and Family
			Advisor	Thai Industrial Association
			Chairman of Board of Directors	Arinsiri Land Co., Ltd.
			Director	Triton Holding PLC.
			Independent Director/Chairman of Audit Committee	Tribeca Enterprise Co., Ltd.

Name	ICBC (Thai)	Position			
		The Bank's Financial Business Group		Other Companies	
7. Mr. Apinetr Unakul	Independent Director	-	Authorized Director	Vuduranadda Company Limited	
			Authorized Director	Kaew Manee Netr Company Limited	
			Authorized Director	Nanthanakul Company Limited	
			Authorized Director	Silicon Craft Technology Public Company Limited	
			Authorized Director	Bangkok House Furnishing Corporation Company Limited	
8. Mr. Yimin Hu	Director	-	Director	ICBC (Asia) Limited	
			Director	ICBC Wealth Management Company Limited	
			Director	Chinese Mercantile Bank	
			Director	ICBC Asset Management (Global) Company Limited	
Senior Executives					
9. Mr. Yong Chen	Senior Executive Vice President	-	Executive Director	ICBC (Thai) Leasing Co., Ltd.	-
			Executive Director	Sky High Li Leasing Designated Activity Company	-
10. Mr. Som Pisarnsophon	Executive Vice President, Finance & Strategy Division	-	Authorized Director	ICBC (Thai) Leasing Co., Ltd.	-
			Authorized Director	ICBC (Thai) Insurance Broker Company Limited	-

CORPORATE GOVERNANCE

Corporate governance is an important practice and mechanism to ensure accountability, fairness and transparency to all shareholders and stakeholders of a company as well as the society at large. The Board of Directors of the Bank recognizes the importance of the principles of good corporate governance in setting its strategies and its daily operations thus has prescribed a written Corporate Governance Policy of the Bank which is based on the Bank of Thailand's Notification on Corporate Governance for Financial Institutions. In addition to the Corporate Governance Policy and Information Disclosure Policy the Bank also complies with other corporate governance-related policies such as Business Ethics, CSR Policy, Anti-Corruption Policy and Information Disclosure Policy. In setting up the organization structure, operational guidelines and duties based on corporate governance, the Bank places high priority to accountability, equitable treatment and transparency to ensure that the Bank's business operations are in accordance with the relevant laws and regulations.

The Board of Directors oversees that the Bank operates under the scope of good corporate governance which means conducting business with integrity and ethics. It ensures that all executives and employees understand the ethical standard of the Bank and comply with such standard so that the Bank could continue to operate as an institution with a high standard of corporate governance.

The Board of Directors recognizes the importance of sound management and control systems based on the principle of checks and balances, therefore, it has delegated the management to establish adequate and appropriate internal control systems to help mitigate risks as well as mitigating any adverse impact that could occur. In addition, the Bank oversees its corporate governance as well as the risk and remuneration of directors and persons with managerial power of the company in its financial business group.

This year the Bank has designated sustainability as an important issue in operating its business thus it has added a Sustainability Report in the Annual Report. Sustainability or Sustainable Banking is based on the Environment, Social and Governance (ESG) Framework, therefore, NCC plays a large role in Sustainable Banking as it oversees corporate governance. Details on Sustainable Banking can be found in the Sustainability Report.

The Bank's Board of Directors has determined the control activities to be an important part of operational processes for every working section of the Bank, therefore, has assigned several committees to oversee the control system. These committees are the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Group Risk Supervision and Internal Control Committee. These committees help ensure that a proper corporate governance system is in place and in compliance with the Corporate Governance Policy in various aspects.

The Audit Committee has the responsibilities to review and assess, through the Internal Audit Department, the efficiency and sufficiency of the internal control systems and make certain that operations are continuously performed in compliance with the policies and regulations of the Bank's supervisory authorities. The Internal Audit Department is an independent department which reports directly to the Audit Committee.

Moreover, in accordance with the Bank's Corporate Governance Policy, every year the Board of Directors is required to conduct its self-assessment for the performance of the Board of Directors as a whole according to the requirement of the Bank of Thailand. The Board of Directors self-assessment forms are divided into 4 forms as follows:

- 1) Assessment of the performance of the Board of Directors as a whole;
- 2) Assessment of the performance of individual performance;
- 3) Cross-evaluation of the performance of individual Directors; and
- 4) Cross-evaluation of the performance of the Chairman of the Board of Directors.

The assessments covered various topics such as qualifications of Directors, Board composition and Board meetings. The result of the 2021 Board of Directors' Assessment for the Board as a whole had a perfect score of 100% an improvement from the 2020's performance of 99.50%, the result of the overall average for individual performance was 99.00% as compared to 99.25% last year while the cross-evaluations resulted in an average of 94.25% for individual performance of each Director as compared to 100% last year and 100% for the performance of the Chairman same as last year.

Furthermore, as a member of CAC, the Bank must comply with the Anti-Corruption Policy requirements in order for its Directors, Senior Executives and all staff including companies in its financial business group to recognize the importance of anti-corruption as well as the procedures to prevent bribery and corruption.

Lastly, the Bank gives high priority on Market Conduct based on the best interest of its customers. The Bank is committed to providing services with transparency and fairness to its customers as well as willing to offer advices on the various products of the Bank appropriately and clearly. Moreover, the Bank will be ready to take responsibility in handling and rectifying complaints when launched by the customers.

The Bank has policies and strategies which reflect its business operations that place importance on creating and instilling fair service. The Bank's Directors and Senior Executives are an integral part in driving effective fair services provision with transparency by considering the impacts to the environment and society with corporate governance.

CAPITAL STRUCTURE

Registered Capital

As at 31 December 2021 the Bank had a registered capital of 20,132,093,886.16 Baht divided into 2,256,510,117 ordinary shares at par value of 8.92 Baht and 451,081 Class B preferred shares at par value of 8.92 Baht with paid-up capital of 20,132,093,886.16 Baht divided into 2,256,510,117 ordinary shares at par value of 8.92 Baht and 451,081 Class B preferred shares at par value of 8.92 Baht.

Preferred Shares

The Bank's preferred shares were previously divided into Class A and Class B preferred shares. Currently, all Class A preferred shares have been converted into ordinary shares. Class B preferred shares have rights and benefits equal to ordinary shares with the exception that the holders of Class B preferred shares are entitled to convert their shares into ordinary shares at a ratio of 1:1. The holders of Class B preferred shares are able to exercise the conversion of Class B preferred shares into ordinary shares four times a year. The exercise dates for the conversion of Class B preferred shares into ordinary shares are 22 February, 22 May, 22 August and 22 November. The holder of Class B preferred shares must lodge the application for the conversion together with the share certificates to the Bank (Head Office Branch) as the Share Registrar during business hours on the specified dates. Consequently, the Bank has become its own Share Registrar since 1 September 2013.

GENERAL INFORMATION

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

Type of business	Commercial bank
Address of Head Office	L, 11 th -13 th Floors, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand
Registration No.	0107536000251
Website	www.icbcthai.com
Telephone	+66 2663 9999
Facsimile	+66 2663 9888
Call Center	+66 2629 5588
Registered capital	Baht 20,132,093,886.16 (as of 31 December 2021)
Paid-up capital	Baht 20,132,093,886.16 (as of 31 December 2021)
Par value	Baht 8.92

Entities in which the Bank has a stake of 10% or more of their paid-up capital

ICBC (Thai) Leasing Company Limited

Address	87/2 CRC Tower All Seasons Place, Wireless Road Lumpini, Pathumwan, Bangkok 10330 Thailand
Type of business	Leasing Business
Telephone	+66 2676 8100
Facsimile	+66 2626 8191-6
Registered capital	Baht 8,000,000,000.00 (as of 31 December 2021)
Paid-up capital	Baht 4,250,000,000.00 (as of 31 December 2021)
Par value	Baht 10
Percentage of shareholding	99.99%

ICBC (Thai) Insurance Broker Company Limited

Address	87/2 CRC Tower All Seasons Place, Wireless Road Lumpini, Pathumwan, Bangkok 10330 Thailand
Type of business	Insurance Broker
Telephone	+66 2253 1588
Facsimile	+66 2253 1589
Registered capital	Baht 6,000,000.00 (as of 31 December 2021)
Paid-up capital	Baht 6,000,000.00 (as of 31 December 2021)
Par value	Baht 10
Percentage of shareholding	Indirect holding 99.99%

Sky High Li Leasing Designated Activity Company

Registered Office	2 nd Floor, Block 5, Irish Life Centre, Lower Abbey Street, Dublin, Ireland DO1P767
Business Type	Leasing of commercial jet aircraft
Telephone	+66 2676 8100
Share Registered	1 EURO (As at 31 December 2021)
Paid Up share	1 EURO (As at 31 December 2021)
Share price	1 EURO
Percentage of Holding	Indirect holding 99.99%

Reference Information

Registrar	Industrial and Commercial Bank of China (Thai) Public Company Limited 13 th Floor, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand
Telephone	+66 2663 9999
Fax	+66 2663 9768
Auditors	Deloitte Touche Tohmatsu Jaiyos Audit Company Limited 23 rd -27 th Floor, AIA Sathorn Tower, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120 Thailand
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