

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

Financial Statements

Year ended December 31, 2022



บริษัท ดีลอยท์ ทูเช่ โทมatsu ไชยยศ
สอบบัญชี จำกัด
อาคาร เอไอเอ สาทร์ ทาวเวอร์ ชั้น 23-27
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2022, 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, 2022, and its financial performance and its 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 Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to our audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

Y. Lertsurapibul

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

BANGKOK
March 17, 2023

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, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		December 31,	December 31,	December 31,	December 31,
		2022	2021	2022	2021
ASSETS					
Cash		335,295	339,535	334,699	338,924
Interbank and money market items, net	8.3	42,546,784	64,219,082	41,968,886	63,769,260
Derivative assets	8.4	1,715,948	403,530	1,715,948	403,530
Investments, net	8.5	83,810,598	75,570,930	83,810,598	75,570,930
Investments in subsidiaries, net	8.6	-	-	4,250,000	4,250,000
Loans to customers and accrued interest receivables, net	8.7	156,515,271	158,743,828	106,111,475	107,455,045
Properties foreclosed, net	8.10	156,380	144,562	42,120	63,324
Premises and equipment, net	8.11	694,686	700,126	393,864	406,695
Intangible assets, net	8.12	49,121	35,542	31,937	17,473
Deferred tax assets, net	8.13	1,114,966	910,041	845,539	491,557
Accrued income, net		598,289	491,394	552,270	446,982
Receivables on credit support for derivative contracts		-	86,230	-	86,230
Other receivables, net		1,103,660	1,102,098	536,483	405,023
Other assets, net	8.14	63,106	51,817	48,625	26,730
TOTAL ASSETS		288,704,104	302,798,715	240,642,444	253,731,703

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, 2022

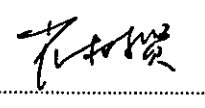
UNIT : THOUSAND BAHT

ONLY IN THOUSAND BAHT					
	Notes	CONSOLIDATED		THE BANK	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
LIABILITIES AND EQUITY					
Liabilities					
Deposits	8.15	162,981,600	158,928,480	162,989,599	158,931,273
Interbank and money market items	8.16	35,650,745	53,634,360	34,360,745	53,384,360
Liabilities payable on demand		129,228	227,790	129,228	227,790
Derivative liabilities	8.4	230,149	752,073	230,149	752,073
Debt issued and borrowings	8.17	45,534,998	48,644,079	4,991,646	4,990,190
Provisions for employee benefits	8.18	364,797	354,190	294,910	280,991
Provisions for other liabilities		242,369	260,518	230,836	260,518
Accrued interest payables		698,807	511,313	589,779	430,309
Payable on credit support for derivative contracts		363,333	46,214	363,333	46,214
Lease liabilities		436,304	468,997	199,704	210,132
Other liabilities	8.19	2,152,167	2,130,410	1,515,735	1,364,884
TOTAL LIABILITIES		248,784,497	265,958,424	205,895,664	220,878,734
Equity					
Share capital	8.21				
Authorised share capital					
442,431 non-cumulative preference shares of Baht 8.92 each (December 31, 2021 : 451,081 non-cumulative preference shares of Baht 8.92 each)		3,946	4,024	3,946	4,024
2,253,716,655 ordinary shares of Baht 8.92 each (December 31, 2021 : 2,256,510,117 ordinary shares of Baht 8.92 each)		20,103,153	20,128,070	20,103,153	20,128,070
Issued and paid-up share capital					
442,431 non-cumulative preference shares of Baht 8.92 each (December 31, 2021 : 451,081 non-cumulative preference shares of Baht 8.92 each)		3,946	4,024	3,946	4,024
2,253,716,655 ordinary shares of Baht 8.92 each (December 31, 2021 : 2,256,510,117 ordinary shares of Baht 8.92 each)		20,103,153	20,128,070	20,103,153	20,128,070
Less Treasury shares - preference shares		-	(156)	-	(156)
Less Treasury shares - ordinary shares		-	(50,338)	-	(50,338)
Difference arising from business combination under common control		(24,849)	(24,849)	-	-
Other components of equity	8.22	185,146	298,371	260,311	349,087
Retained earnings					
Appropriated					
Legal reserve	8.22	2,015,000	2,015,000	2,015,000	2,015,000
Unappropriated		17,637,211	14,470,169	12,364,370	10,407,282
Equity attributable to the Bank's shareholders		39,919,607	36,840,291	34,746,780	32,852,969
Non-controlling interests		-	-	-	-
TOTAL EQUITY		39,919,607	36,840,291	34,746,780	32,852,969
TOTAL LIABILITIES AND EQUITY		288,704,104	302,798,715	240,642,444	253,731,703

The accompanying notes are an integral part of these financial statements


(Mr. Xiaobo Li)
Director




(Mr. Shuxian Cui)
Director

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

UNIT : THOUSAND BAHT

	Notes	CONSOLIDATED		THE BANK	
		2022	2021	2022	2021
Interest income	8.26	9,492,273	8,458,311	6,877,685	5,951,675
Interest expenses	8.27	3,143,348	2,711,747	2,425,099	1,934,478
Net interest income		6,348,925	5,746,564	4,452,586	4,017,197
Fees and service income		756,104	806,479	321,293	391,820
Fees and service expenses		170,481	134,323	125,532	102,123
Net fees and service income	8.28	585,623	672,156	195,761	289,697
Net losses on financial instruments measured at FVTPL	8.29	(17,512)	(206,640)	(17,401)	(206,459)
Net gains on investments	8.30	-	7,197	-	7,197
Gains on disposals of equipment, properties foreclosed and other assets		82,171	339,634	75,767	298,614
Bad debts recovered		276,476	522,125	4,653	5,152
Dividend income		10,970	6,966	10,970	6,966
Other operating income		47,959	53,596	7,553	8,223
Total operating income		7,334,612	7,141,598	4,729,889	4,426,587
Other operating expenses					
Employee expenses		1,642,351	1,630,194	1,166,552	1,173,573
Directors' remuneration	8.31	5,375	6,000	5,375	6,000
Premises and equipment expenses		274,714	248,771	170,609	165,579
Taxes and duties		188,680	189,981	163,583	166,117
Amortisation expense on intangible assets		9,269	7,675	6,854	5,905
Losses on properties foreclosed and other assets		325,126	303,644	20,546	122,067
Others		409,752	333,026	168,909	156,905
Total other operating expenses		2,855,267	2,719,291	1,702,428	1,796,146
Expected credit loss	8.32	715,168	1,075,190	749,413	751,649
Profit from operations before income tax		3,764,177	3,347,117	2,278,048	1,878,792
Income taxes	8.33	785,216	694,982	499,362	360,812
PROFIT FOR THE YEARS		2,978,961	2,652,135	1,778,686	1,517,980

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, 2022

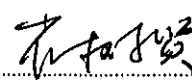
UNIT : THOUSAND BAHT

		CONSOLIDATED		THE BANK	
	Notes	2022	2021	2022	2021
OTHER COMPREHENSIVE INCOME (LOSS)	8.33				
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on cash flow hedges		116,923	45,280	116,923	45,280
Gains (losses) on investment in debt instruments measured at fair value through other comprehensive income		21,184	(95,094)	21,184	(95,094)
Exchange differences on translating financial statements		(24,449)	(62,648)	-	-
Income tax relating to components of other comprehensive income (loss) that will be reclassified to profit or loss		(27,744)	9,698	(27,744)	9,698
Total items that will be reclassified subsequently to profit or loss		85,914	(102,764)	110,363	(40,116)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains (losses) on investment in equity designated at fair value through other comprehensive income		(248,924)	217,581	(248,924)	217,581
Gains on re-measurements of defined benefit plans		20,156	42,811	8,058	45,791
Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss		45,754	(56,608)	48,173	(57,204)
Total items that will not be reclassified subsequently to profit or loss		(183,014)	203,784	(192,693)	206,168
Total other comprehensive income (loss), net		(97,100)	101,020	(82,330)	166,052
TOTAL COMPREHENSIVE INCOME		2,881,861	2,753,155	1,696,356	1,684,032
 Basic earnings per share (Baht)					
Basic earnings per share	8.34	1.32	1.18	0.79	0.67

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


(Mr. Xiaobo Li)
Director




(Mr. Shuxian Cui)
Director

FOR THE YEAR ENDED DECEMBER 31, 2022

UNIT : THOUSAND BAHT

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, 2022

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, 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	
Balance as at January 1, 2022	4,024	20,128,070	(156)	(50,338)	20,555	295,742	32,790	2,015,000	10,407,282	32,852,969	
Transferring of Treasury share to issued and paid-up share capital	(78)	(24,917)	156	50,338	-	-	-	-	(25,499)	-	
Fair value through other comprehensive income	-	-	-	-	-	-	-	-	197,455	197,455	
Total comprehensive income (loss)	-	-	-	-	16,825	(199,139)	93,538	-	1,785,132	1,696,356	
Balance as at December 31, 2022	3,946	20,103,153	-	-	37,380	96,603	126,328	2,015,000	12,364,370	34,746,780	

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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

UNIT : THOUSAND BAHT

		CONSOLIDATED		THE BANK	
	Note	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit from operations before income tax		3,764,177	3,347,117	2,278,048	1,878,792
Adjustments to reconcile profit from operations before income tax to cash received (paid) from operating activities					
Depreciation and amortisation		186,087	182,887	118,161	123,091
Amortisation of deferred interest		11,720	-	5,501	-
Expected credit loss		715,168	1,075,190	749,413	751,649
Gains on disposals of properties foreclosed and other assets		(80,651)	(339,520)	(74,758)	(298,580)
Net gains on investments		-	(7,197)	-	(7,197)
Amortisation of discount on promissory notes		(1,893)	-	(1,893)	-
Losses on properties foreclosed and other assets		325,126	303,644	20,546	122,067
Gains on sales of equipment		(798)	(114)	(1,668)	(34)
Net trading loss		17,512	206,640	17,401	206,459
Provisions for employee benefits		51,309	48,727	37,889	34,614
Amortisation of underwriting fee		131,346	-	-	-
Net interest income		(6,348,925)	(5,746,564)	(4,452,586)	(4,017,197)
Dividend income		(10,970)	(6,966)	(10,970)	(6,966)
Proceeds from interest		7,103,603	6,465,235	4,494,087	3,966,781
Interest paid		(2,103,521)	(1,983,708)	(2,088,889)	(1,959,325)
Proceeds from dividend		10,970	6,966	10,970	6,966
Income tax paid		(933,062)	(664,421)	(757,832)	(476,746)
Profit from operations before changes in operating assets and liabilities		2,837,198	2,887,916	343,420	324,374
<i>Decrease (increase) in operating assets</i>					
Interbank and money market items		21,784,817	(32,566,571)	21,912,870	(32,357,867)
Derivative assets		2,080,594	2,045,067	2,080,705	2,045,249
Loans to customers		1,588,486	(577,391)	672,722	3,861,963
Properties foreclosed		33,071	128,727	86,429	332,660
Receivables on credit support for derivative contracts		86,230	104,529	86,230	104,529
Fee receivable		(2,661)	4,774	-	-
Other receivables		(232)	156,020	(129,567)	(158,933)
Other assets		(299,037)	86,594	(33,188)	6,541

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, 2022

UNIT : THOUSAND BAHT

		CONSOLIDATED		THE BANK	
	Note	2022	2021	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUES)					
<i>Increase (decrease) in operating liabilities</i>					
Deposits		4,053,120	11,882,025	4,058,326	11,877,931
Interbank and money market items		(16,183,615)	14,681,531	(19,023,615)	15,931,531
Liabilities payable on demand		(98,561)	62,911	(98,561)	62,911
Derivative liabilities		(3,815,525)	(2,071,822)	(3,815,525)	(2,071,822)
Employee benefit paid		(20,585)	(22,089)	(15,913)	(13,779)
Payable on credit support for derivative contracts		317,119	(292,534)	317,119	(292,533)
Other liabilities		(15,211)	44,531	67,266	104,005
Net cash from operating activities		12,345,208	(3,445,782)	6,508,718	(243,240)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from interest		2,118,137	1,841,234	2,118,137	1,841,234
Proceeds from selling equity investments		197,455	38,310	197,455	38,310
(Increase) decrease in long-term investments		(8,527,980)	(1,482,323)	(8,527,981)	(1,482,323)
Proceeds from equipment disposal		1,740	119	1,014	37
Cash paid from purchases of equipment		(106,346)	(39,372)	(57,746)	(18,986)
Cash paid from purchases of intangible assets		(22,847)	(7,209)	(21,318)	-
Net cash from investing activities		(6,339,841)	350,759	(6,290,439)	378,272
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from debt issued and borrowings	8.1.2	30,514,000	36,202,001	-	-
Cash paid for repayment of debt issued and borrowings	8.1.2	(35,560,000)	(31,925,717)	-	-
Amortisation of underwriting fee		-	(183,142)	-	-
Cash paid for interest from debt issued and borrowings	8.1.2	(846,761)	(935,645)	(175,002)	(173,259)
Repayment of lease liabilities	8.1.2	(90,695)	(98,364)	(47,502)	(63,942)
Net cash from financing activities		(5,983,456)	3,059,133	(222,504)	(237,201)
Exchange arising from translating the financial statement of foreign operations		(26,151)	(66,344)	-	-
Net decrease in cash		(4,240)	(102,234)	(4,225)	(102,169)
Cash at January 1,		339,535	441,769	338,924	441,093
Cash at December 31,		335,295	339,535	334,699	338,924

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, 2022**

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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, 2022**

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 (97.98% shareholding), which is incorporated in the People’s Republic of China. As at December 31, 2022 and 2021, the Bank has 3 subsidiaries which are disclosed in Note 8.6. In addition of Head Office as mentioned above, the Bank has 20 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 the Bank of Thailand (“BOT”)’s requirement, where the form of financial statements is based on Thai Accounting Statndard No.1 “Presentation of Financial Statement”, including the Procedures, Policies and Presentation in accordance with 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.

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 issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and accounting requirements for interest rate reform - Phrase 2. 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 have adopted 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 (see Note 8.35).

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

On September 26, 2022, the revised TFRSs have been announced in the Royal Gazette which will be effective for the financial statements for the period beginning on or after January 1, 2023, onwards. TFRSs which have been amended and relevant to the Bank and its subsidiaries are as follows:

Thai Accounting Standard No.37 "Provisions, Contingent Liabilities and Contingent Assets"

The amendments specify that the "cost of fulfilling a contract" comprises the "costs that relate directly to the contract". Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be costs of direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate.

Thai Financial Reporting Standard No.9 “Financial Instruments”

The amendment clarifies that in applying the “10 percent” test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The Bank and its subsidiaries management will adopt such TFRSs in the preparation of the Bank and its subsidiaries financial statements when they become effective. The Bank and its subsidiaries management are 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 equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Interests in equity-accounted investees

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

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

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

Transactions eliminated on consolidation

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

3.2 Cash

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

3.3 Financial instruments

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

3.3.1 Recognition and initial measurement

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

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

3.3.2 Derecognition

Derecognition of financial assets

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

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

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

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

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

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

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

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

Derecognition of financial liabilities

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

3.3.3 Classification and measurement

Financial assets

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

Financial assets - debt instruments

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

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Bank and its subsidiaries' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries' stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

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

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

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

Measurement at amortised cost

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

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

Measurement at fair value through other comprehensive income

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

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

Measurement at fair value through profit or loss

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

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

Financial assets - equity instruments

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

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

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change its business model for managing financial assets.

Financial liabilities

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

3.4 Modifications of financial assets

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

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

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

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

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

3.5 Impairment of financial assets

The Bank and its subsidiaries recognised expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

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

The Bank and its subsidiaries do not recognise impairment losses on investment in equity instruments.

Measurement of ECL

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

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

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

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

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

Cash shortfalls are discounted using the initial effective interest rate.

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

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

Staging

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

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

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

The Bank and its subsidiaries consider debt instruments to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank and its subsidiaries do not apply the low credit risk exemption to any other financial instruments.

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

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

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

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

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

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

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

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

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

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

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

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

Improvement in credit risk

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

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

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

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

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

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

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

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

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

Write-off of credit impaired instruments and reversal of impairment

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

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

Financial guarantee contracts held

The Bank and its subsidiaries assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank and its subsidiaries considers when making this assessment include whether:

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

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

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

3.6 Derivatives held for risk management purposes and hedge accounting

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

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

The Bank and its subsidiaries have the hedging relationships as discussed below:

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or the Bank and its subsidiaries commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

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

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

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

Cash flow hedge

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

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

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

Other non-trading derivatives

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

3.7 Hire purchase and finance lease receivables

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

Accounting policy regarding hire purchase receivables and finance lease receivables, derecognition, contract modification, and allowance for expected credit loss are disclosed in Note 3.3 Financial instruments.

3.8 Properties foreclosed

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

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

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

3.9 Investments in subsidiaries

Subsidiaries are entities over which the Bank has the power to control the financial and operating policy in order to manage the relevant activities so as to obtain return on the Bank's interest.

Investments in subsidiaries in the separate financial statements of Bank are presented under the cost method, net of valuation allowance for impairment.

Disposal of investments

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

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

3.10 Premises and equipment

Recognition and measurement

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

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

No depreciation is provided on freehold land.

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

Disposal

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

3.11 Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

The estimated useful lives are as follows

Computer software	5 - 10 years
Deferred license fee	10 years

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

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

3.12 Impairment of non-financial assets

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

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

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised as an expense in the statement of profit or loss and other comprehensive income.

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

3.13 Provision

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

Litigation

The Bank and its subsidiaries have contingent liabilities as a result of litigation being made against them for claims of compensation. The management uses judgment to assess the results of the litigation and would record provisions as at the end of the reporting period (if any).

3.14 Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

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

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

3.15 Foreign currencies transactions

Translation of foreign currency transactions

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

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

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

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

Translation of financial statements of foreign entity

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

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

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

3.16 Measurement of fair values

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

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

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

3.17 Revenue recognition

Effective interest rate

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

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

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

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

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

Calculation of interest income and expense

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

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

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

3.18 Dividend received

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

3.19 Other income

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

3.20 Fee and commission

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

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

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

3.21 Lease

The Bank and its subsidiaries as a lessee

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

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

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

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

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

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

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

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

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

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

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

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

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

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

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

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

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

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

3.22 Income tax

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

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

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

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

Deferred tax is measured at the tax rates that are enacted at the reporting date.

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank and its subsidiaries recognise all temporary difference of deferred tax liabilities in the consolidated and Bank's financial statement.

3.23 Earnings per share

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

3.24 Related parties

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

3.25 Segment reporting

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

3.26 Offsetting

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

3.27 Treasury shares

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

4. RISK MANAGEMENT

4.1 Risk management approach

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

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

The Bank and its subsidiaries' risk governance structure consist of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank and its subsidiaries' overall risk management, Group Risk Supervision and Internal Control Committee, which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Bank and its subsidiaries and formulate risk management strategies, policies, frameworks and standards, as well as risk appetite and submit to the Board of Directors for approval. Additionally, Audit Committee is overseeing for the Internal Audit Department and Credit Review Department.

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

4.2 Credit risk

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

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

Credit policies/Framework

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

Credit Approval Process

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

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

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

Credit Review

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

Credit rating

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

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

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

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

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

A credit risk grade is ranked from lowest to highest by lower the number in the rank, the lower the probability of default. The highest rating represents Non-performing loans with probability of default of 100%. In relation to Note 4.2.1 credit quality, the Bank and its subsidiaries segregate risk level according to the ability for customers to meet financial obligation into five level; Low, Medium, Rather high, High, and Defaults.

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

Information related to ECL
Significant increase in credit risk

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

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

Definition of default

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

ECL model

The Bank and its subsidiaries have recognised loss allowances based on the expected credit loss (ECL) model of TFRS 9 “Financial Instruments”, which is designed to be forward-looking. The TFRS 9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost (AMC) or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration (“Staging”). The ECL model parameters are estimated based on statistical techniques and supported by expert judgment.

Incorporation of forward-looking information

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

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

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

Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlay was considered when underlying assumptions or data used to estimate ECL 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, 2022 and 2021 of investment and loans to customers without taking into account collateral or other credit enhancement. The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviors and qualitative factors.

Unit : Million Baht

	Consolidated 2022			
Risk level	Stage 1	Stage 2	Stage 3	Total
<i>Investments in debt instruments measured at AMC</i>				
Low	43,456	-	-	43,456
Gross carrying amount	43,456	-	-	43,456
<u>Less</u> Allowance for expected credit loss	(44)	-	-	(44)
Carrying amount	43,412	-	-	43,412
<i>Investments in debt instruments measured at FVOCI</i>				
Low	40,177	-	-	40,177
Carrying amount	40,177	-	-	40,177
Allowance for expected credit loss	(3)	-	-	(3)
<i>Loans to customers and accrued interest receivables – net</i>				
Low	74,174	-	-	74,174
Medium	58,519	853	-	59,372
Rather high/High	17,342	12,043	-	29,385
Defaults	-	-	928	928
Gross carrying amount	150,035	12,896	928	163,859
<u>Less</u> Allowance for expected credit loss	(4,366)	(2,738)	(240)	(7,344)
Carrying amount	145,669	10,158	688	156,515

Unit : Million Baht				
Consolidated 2021				
Risk level	Stage 1	Stage 2	Stage 3	Total
<i>Investments in debt instruments measured at AMC</i>				
Low	34,186	2,657	-	36,843
Gross carrying amount	34,186	2,657	-	36,843
Less Allowance for expected credit loss	(30)	(1)	-	(31)
Carrying amount	<u>34,156</u>	<u>2,656</u>	<u>-</u>	<u>36,812</u>
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,262	-	-	38,262
Carrying amount	<u>38,262</u>	<u>-</u>	<u>-</u>	<u>38,262</u>
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	<u>151,120</u>	<u>6,906</u>	<u>718</u>	<u>158,744</u>

Unit : Million Baht				
The Bank 2022				
Risk level	Stage 1	Stage 2	Stage 3	Total
<i>Investments in debt instruments measured at AMC</i>				
Low	43,456	-	-	43,456
Gross carrying amount	43,456	-	-	43,456
Less Allowance for expected credit loss	(44)	-	-	(44)
Carrying amount	<u>43,412</u>	<u>-</u>	<u>-</u>	<u>43,412</u>
<i>Investments in debt instruments measured at FVOCI</i>				
Low	40,177	-	-	40,177
Carrying amount	<u>40,177</u>	<u>-</u>	<u>-</u>	<u>40,177</u>
Allowance for expected credit loss	(3)	-	-	(3)
<i>Loans to customers and accrued interest receivables – net</i>				
Low	33,765	-	-	33,765
Medium	52,269	853	-	53,122
Rather high/High	17,342	6,185	-	23,527
Defaults	-	-	231	231
Gross carrying amount	103,376	7,038	231	110,645
Less Allowance for expected credit loss	(3,774)	(745)	(14)	(4,533)
Carrying amount	<u>99,602</u>	<u>6,293</u>	<u>217</u>	<u>106,112</u>

Unit : Million Baht				
The Bank 2021				
Risk level	Stage 1	Stage 2	Stage 3	Total
<i>Investments in debt instruments measured at AMC</i>				
Low	34,186	2,657	-	36,843
Gross carrying amount	34,186	2,657	-	36,843
Less Allowance for expected credit loss	(30)	(1)	-	(31)
Carrying amount	<u>34,156</u>	<u>2,656</u>	<u>-</u>	<u>36,812</u>
<i>Investments in debt instruments measured at FVOCI</i>				
Low	38,262	-	-	38,262
Carrying amount	<u>38,262</u>	<u>-</u>	<u>-</u>	<u>38,262</u>
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	<u>103,045</u>	<u>4,141</u>	<u>269</u>	<u>107,455</u>

4.2.2 Collateral held and other credit enhancements

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

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

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

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

- Credit evaluation process
- Different risk levels require different LTVs

Collateral Appraisal Approach:

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

The following are example of collateral appraisal approach:

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

The following table sets out the principal types of collateral held against different types of financial assets as at December 31, 2022 and 2021.

Type of credit exposures	Notes	Consolidated		Unit : Million Baht Principal type of collateral held
		2022	2021	
Interbank and money market items	8.3	42,500	64,285	Debt securities
Derivative assets	8.4	1,716	404	Cash
Investments in debt securities	8.5	83,633	75,105	None
Loans to customers	8.7			
- Loans to corporate customers		101,090	104,337	Properties, plant, equipment and guarantee by another banks
- Retail mortgage lending		10	13	Properties
- Hire purchase and finance lease receivables		58,760	56,571	Vehicle
- Others		3,363	4,497	None

Type of credit exposures	Notes	The Bank		Unit : Million Baht Principal type of collateral held
		2022	2021	
Interbank and money market items	8.3	41,922	63,835	Debt securities
Derivative assets	8.4	1,716	404	Cash
Investments in debt securities	8.5	83,633	75,105	None
Loans to customers	8.7			
- Loans to corporate customers		106,575	106,120	Properties, plant, equipment and guarantee by another banks
- Retail mortgage lending		10	13	Properties
- Others		3,363	4,497	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, 2022 and 2021 are shown below:

	Unit : Million Baht		
	Loans to customers	Consolidated Loan commitments	Financial guarantees
As at December 31, 2022			
Gross carrying amount	199,867	-	-
Amount committed/guaranteed	-	295,120	27,580
<i>Concentration by sector</i>			
Financial institutions	36,645	252,438	12,713
Agricultural and mining	79	55	-
Manufacturing and commerce	53,336	27,177	989
Real estate and construction	8,941	2,754	830
Public utilities and services	45,159	10,391	12,284
Retail mortgage lending	10	-	764
Hire purchase and finance lease	55,258	-	-
Others	439	2,305	-
Total	199,867	295,120	27,580

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

	Unit : Million Baht		
	Loans to customers	The Bank Loan commitments	Financial guarantees
As at December 31, 2022			
Gross carrying amount	146,592	-	-
Amount committed/guaranteed	-	322,785	27,580
<i>Concentration by sector</i>			
Financial institutions	36,645	252,438	12,713
Agricultural and mining	79	55	-
Manufacturing and commerce	58,821	54,842	989
Real estate and construction	8,941	2,754	830
Public utilities and services	41,656	10,391	12,284
Retail mortgage lending	10	-	764
Others	440	2,305	-
Total	146,592	322,785	27,580

	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

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

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

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

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

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

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

The Bank and its subsidiaries generate reports and set limits in liquidity management as follows:

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

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

According to BOT Notification Number Sor Nor Sor. 2/2561, dated January 25, 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in The Bank's website. The Bank will disclose the LCR of the Bank as at December 31, 2022 in the Bank's website, www.icbcthailand.com, under Financial Report section/ Basel III Pillar III Disclosure, within April 2023.

As at December 31, 2022 and 2021, significant financial assets and financial liabilities are classified according to their remaining maturity as follows:

Unit : Million Baht						
	Consolidated 2022 Maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No maturity
Financial assets						
Cash	-	-	-	-	-	335
Interbank and money market items	5,888	34,851	257	-	1,504	-
Investments	-	13,254	16,469	46,872	7,038	222
Loans to customers	8	23,625	31,602	84,229	22,416	1,343 ⁽¹⁾
Total financial assets	5,896	71,730	48,328	131,101	30,958	1,900
Financial liabilities						
Deposits	47,561	74,521	39,187	1,713	-	-
Interbank and money market items	1,058	15,071	14,842	4,680	-	-
Liabilities payable on demand	129	-	-	-	-	-
Debt issued and borrowings	-	9,814	14,140	16,589	4,992	-
Total financial liabilities	48,748	99,406	68,169	22,982	4,992	-

⁽¹⁾ The total amount included non-performing loans amounting to Baht 912 million.

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
Financial assets						
Cash	-	-	-	-	-	340
Interbank and money market items	5,785	51,740	688	4,516	1,556	-
Investments	-	18,275	26,108	24,623	6,099	496
Loans to customers	7	27,442	28,333	88,799	19,434	1,403 ⁽¹⁾
Total financial assets	5,792	97,457	55,129	117,938	27,089	2,239
Financial liabilities						
Deposits	39,700	62,936	54,223	2,069	-	-
Interbank and money market items	641	32,102	12,135	8,756	-	-
Liabilities payable on demand	228	-	-	-	-	-
Debt issued and borrowings	-	6,294	12,726	24,634	4,990	-
Total financial liabilities	40,569	101,332	79,084	35,459	4,990	-

⁽¹⁾ The total amount included non-performing loans amounting to Baht 939 million.

Unit : Million Baht

	At call	Within 3 months	Over 3 months to 1 year	The Bank 2022 Maturity Over 1 year to 5 years	Over 5 years	No maturity	Total
Financial assets							
Cash	-	-	-	-	-	335	335
Interbank and money market items	5,310	34,851	257	-	1,504	-	41,922
Investments	-	13,254	16,469	46,872	7,038	222	83,855
Loans to customers	344	23,506	21,006	48,610	15,837	645 ⁽¹⁾	109,948
Total financial assets	5,654	71,611	37,732	95,482	24,379	1,202	236,060
Financial liabilities							
Deposits	47,569	74,521	39,187	1,713	-	-	162,990
Interbank and money market items	1,058	13,781	14,842	4,680	-	-	34,361
Liabilities payable on demand	129	-	-	-	-	-	129
Debt issued and borrowings	-	-	-	-	4,992	-	4,992
Total financial liabilities	48,756	88,302	54,029	6,393	4,992	-	202,472

⁽¹⁾ The total amount included non-performing loans amounting to Baht 214 million.

Unit : Million Baht

	At call	Within 3 months	Over 3 months to 1 year	The Bank 2021 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 ⁽¹⁾	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

⁽¹⁾ The total amount included non-performing loans amounting to Baht 260 million.

4.4 Market risk

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

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

Market risk in the trading book

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

Market risk in the Banking book

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

The Bank and its subsidiaries have established the market risk policies for banking book, which outlines the approach for managing market risks in the Banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank and its subsidiaries' risk appetite.

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

4.4.1 Interest rate risk

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

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

As at December 31, 2022 and 2021, significant financial assets and financial liabilities classified according to the earlier between their remaining maturity and interest repricing periods were as follows:

Unit : Million Baht

	Consolidated 2022					Non- Interest Bearing	Non- performing assets	Total
	At call	Interest repricing/ Within 3 months	maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years			
Financial assets								
Cash	-	-	-	-	-	335	-	335
Interbank and money market items	450	35,091	1,554	-	-	5,405	-	42,500
Investments	-	13,254	16,472	46,905	7,002	222	-	83,855
Loans to customers	431	79,640	25,049	52,861	4,330	-	912	163,223
Total financial assets	881	127,985	43,075	99,766	11,332	5,962	912	289,913
Financial liabilities								
Deposits	46,981	74,521	39,187	1,714	-	579	-	162,982
Interbank and money market items	432	19,142	14,227	1,224	-	626	-	35,651
Liabilities payable on Demand	-	-	-	-	-	129	-	129
Debt issued and borrowings	-	9,814	14,140	16,589	4,992	-	-	45,535
Total financial liabilities	47,413	103,477	67,554	19,527	4,992	1,334	-	244,297

Unit : Million Baht

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

Unit : Million Baht

The Bank 2022								
	At call	Interest repricing/ maturity			Over 5 years	Non- Interest bearing	Non- performing assets	Total
		Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years				
Financial assets								
Cash	-	-	-	-	-	335	-	335
Interbank and money market items	2	35,091	1,554	-	-	5,275	-	41,922
Investments	-	13,254	16,472	46,905	7,002	222	-	83,855
Loans to customers	766	75,994	14,513	17,773	688	-	214	109,948
Total financial assets	768	124,339	32,539	64,678	7,690	5,832	214	236,060
Financial liabilities								
Deposits	46,985	74,521	39,187	1,714	-	583	-	162,990
Interbank and money market items	432	17,852	14,227	1,224	-	626	-	34,361
Liabilities payable on demand	-	-	-	-	-	129	-	129
Debt issued and borrowings	-	-	-	-	4,992	-	-	4,992
Total financial liabilities	47,417	92,373	53,414	2,938	4,992	1,338	-	202,472

Unit : Million Baht

The Bank 2021								
	At call	Interest repricing/ maturity			Over 5 years	Non- Interest bearing	Non- performing assets	Total
		Within 3 months	Over 3 months to 1 year	Over 1 year to 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

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, 2022 and 2021 can be summarised as follows:

	Consolidated					
	2022		2021			
	Average	Interest	Average	Average	Interest	Average
	Balances ⁽¹⁾		interest	Balances ⁽¹⁾		interest
	(million Baht)		rate	(million Baht)		rate
			(%)			(%)
Financial assets						
Interbank and money market items	51,284	629	1.23	52,703	457	0.87
Investments	82,092	2,175	2.65	73,913	1,798	2.43
Loans to customers	175,241	4,026	2.30	172,946	3,764	2.18
Financial liabilities						
Deposits	166,779	1,065 ⁽²⁾	0.64	159,731	1,107 ⁽²⁾	0.69
Interbank and money market items	42,967	812	1.89	44,761	288	0.64
Debts issued and borrowings	46,797	861 ⁽³⁾	1.84	46,699	928 ⁽³⁾	1.99

⁽¹⁾ Calculated by average of month end balance

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

⁽³⁾ Including debentures fee expense

	The Bank					
	2022		2021			
	Average	Interest	Average	Average	Interest	Average
	Balances ⁽¹⁾		interest	Balances ⁽¹⁾		interest
	(million Baht)		rate	(million Baht)		rate
			(%)			(%)
Financial assets						
Interbank and money market items	50,756	628	1.24	48,450	456	0.94
Investments	82,092	2,175	2.65	73,913	1,798	2.43
Loans to customers	113,721	4,075	3.58	113,566	3,696	3.25
Financial liabilities						
Deposits	166,783	1,065 ⁽²⁾	0.64	159,741	1,108 ⁽²⁾	0.69
Interbank and money market items	41,795	797	1.91	43,980	281	0.64
Debts issued and borrowings	4,991	175 ⁽³⁾	3.51	4,989	175 ⁽³⁾	3.54

⁽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, 2022 and 2021 are as follows:

Currency	Unit : Million Baht			
	Consolidated			
	2022	2021		
	Upward 100 bps	Downward 100 bps	Upward 100 bps	Downward 100 bps
Thai Baht	(16)	16	297	(297)
US Dollar	(42)	42	(91)	91
Renminbi	(12)	12	(12)	12
Euro	2	(2)	25	(25)
Total impact of the change in interest rate	(68)	68	219	(219)

Currency	Unit : Million Baht			
	The Bank			
	2022	2021		
	Upward 100 bps	Downward 100 bps	Upward 100 bps	Downward 100 bps
Thai Baht	53	(53)	328	(328)
US Dollar	(42)	42	(95)	95
Renminbi	(12)	12	(12)	12
Euro	2	(2)	25	(25)
Total impact of the change in interest rate	1	(1)	246	(246)

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, 2022 and 2021, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

Unit : USD Million						
Consolidated						
	US Dollar	2022 Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	2021 Euro ⁽¹⁾	Other currencies ⁽¹⁾
Spot	414	9	(152)	496	(338)	(72)
Forward	(407)	(8)	155	(492)	339	75
Net position	7	1	3	4	1	3

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

Unit: USD Million						
The Bank						
	US Dollar	2022 Euro ⁽¹⁾	Other currencies ⁽¹⁾	US Dollar	2021 Euro ⁽¹⁾	Other currencies ⁽¹⁾
Spot	412	9	(152)	493	(338)	(72)
Forward	(407)	(8)	155	(492)	339	75
Net position	<u>5</u>	<u>1</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>3</u>

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

4.4.4 Equity price risk

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

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

As at December 31, 2022 and 2021, the Bank has equity investments listed on Stock Exchange of Thailand at Baht 99 million and Baht 125 million, respectively, with the mark to market value at Baht 215 and Baht 489 million, respectively.

5. FAIR VALUE OF FINANCIAL ASSETS AND 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, 2022 and 2021. 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.

Unit : Million Baht					
Consolidated					
2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives assets					
- Foreign exchange rate	275	-	275	-	275
- Interest rate	1,441	-	1,441	-	1,441
	<u>1,716</u>	<u>-</u>	<u>1,716</u>	<u>-</u>	<u>1,716</u>
Investments					
- Investments in debt instruments measured at AMC	43,456	-	43,448	-	43,448
- Investments in debt instruments measured at FVOCI	40,177	-	40,177	-	40,177
- Investments in equity instruments designated at FVOCI	222	215	-	8	223
	<u>83,855</u>	<u>215</u>	<u>83,625</u>	<u>8</u>	<u>83,848</u>
Loans to customers ⁽¹⁾	<u>104,463</u>	<u>-</u>	<u>29,838</u>	<u>74,510</u>	<u>104,348</u>
Total financial assets	<u>190,034</u>	<u>215</u>	<u>115,179</u>	<u>74,518</u>	<u>189,912</u>
Financial liabilities					
Deposits	162,982	-	162,981	-	162,981
Derivatives liabilities					
- Foreign exchange rate	161	-	161	-	161
- Interest rate	69	-	69	-	69
	<u>230</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>230</u>
Debts issued and borrowings	<u>45,535</u>	<u>-</u>	<u>45,442</u>	<u>-</u>	<u>45,442</u>
Total financial liabilities	<u>208,747</u>	<u>-</u>	<u>208,653</u>	<u>-</u>	<u>208,653</u>

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

Unit : Million Baht					
Consolidated					
2021					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Derivatives assets					
- Foreign exchange rate	164	-	164	-	164
- Interest rate	200	-	200	-	200
- Foreign exchange and interest rate	40	-	40	-	40
	<u>404</u>	<u>-</u>	<u>404</u>	<u>-</u>	<u>404</u>
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
	<u>75,601</u>	<u>489</u>	<u>75,078</u>	<u>7</u>	<u>75,574</u>
Loans to customers ⁽¹⁾	<u>108,847</u>	<u>-</u>	<u>19,573</u>	<u>89,200</u>	<u>108,773</u>
Total financial assets	<u>184,852</u>	<u>489</u>	<u>95,055</u>	<u>89,207</u>	<u>184,751</u>
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
	<u>752</u>	<u>-</u>	<u>752</u>	<u>-</u>	<u>752</u>
Debts issued and borrowings	<u>48,644</u>	<u>-</u>	<u>49,106</u>	<u>-</u>	<u>49,106</u>
Total financial liabilities	<u>208,324</u>	<u>-</u>	<u>208,791</u>	<u>-</u>	<u>208,791</u>

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

Unit : Million Baht					
The Bank 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Derivatives assets					
- Foreign exchange rate	275	-	275	-	275
- Interest rate	1,441	-	1,441	-	1,441
	<u>1,716</u>	<u>-</u>	<u>1,716</u>	<u>-</u>	<u>1,716</u>
Investments					
- Investments in debt instruments measured at AMC	43,456	-	43,448	-	43,448
- Investments in debt instruments measured at FVOCI	40,177	-	40,177	-	40,177
- Investments in equity instruments designated at FVOCI	222	215	-	8	223
	<u>83,855</u>	<u>215</u>	<u>83,625</u>	<u>8</u>	<u>83,848</u>
Loans to customers ⁽¹⁾	<u>109,948</u>	<u>-</u>	<u>32,610</u>	<u>77,277</u>	<u>109,887</u>
Total financial assets	<u>195,519</u>	<u>215</u>	<u>117,951</u>	<u>77,285</u>	<u>195,451</u>
Financial liabilities					
Deposits	162,990	-	162,989	-	162,989
Derivatives liabilities					
- Foreign exchange rate	161	-	161	-	161
- Interest rate	69	-	69	-	69
	<u>230</u>	<u>-</u>	<u>230</u>	<u>-</u>	<u>230</u>
Debts issued and borrowings	<u>4,992</u>	<u>-</u>	<u>4,991</u>	<u>-</u>	<u>4,991</u>
Total financial liabilities	<u>168,212</u>	<u>-</u>	<u>168,210</u>	<u>-</u>	<u>168,210</u>

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

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
	<u>404</u>	<u>-</u>	<u>404</u>	<u>-</u>	<u>404</u>
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
	<u>75,601</u>	<u>489</u>	<u>75,078</u>	<u>7</u>	<u>75,574</u>
Loans to customers ⁽¹⁾	<u>110,630</u>	<u>-</u>	<u>21,376</u>	<u>89,247</u>	<u>110,623</u>
Total financial assets	<u>186,635</u>	<u>489</u>	<u>96,858</u>	<u>89,254</u>	<u>186,601</u>
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
	<u>752</u>	<u>-</u>	<u>752</u>	<u>-</u>	<u>752</u>
Debts issued and borrowings	<u>4,990</u>	<u>-</u>	<u>5,044</u>	<u>-</u>	<u>5,044</u>
Total financial liabilities	<u>164,673</u>	<u>-</u>	<u>164,732</u>	<u>-</u>	<u>164,732</u>

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

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

Investments in debt instruments and other equity instruments

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

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

Loans to customers and significant unobservable inputs used

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

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

Deposits

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

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

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

Derivatives

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

6. MAINTAIN 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, 2022 and 2021, the consolidated supervision and the Bank's total capital funds could be categorised as follows:

	Unit : Thousand Baht	
	Consolidated supervision	
	2022	2021
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,107,099	20,081,600
Legal reserve	2,015,000	2,015,000
Retained earnings after appropriations	15,871,540	13,163,782
Other comprehensive income	58,817	265,582
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(1,164,087)	(945,584)
Total Tier 1 capital	36,863,520	34,555,531
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,541,677	2,793,948
Total Tier 2 capital	7,541,677	7,793,948
Total capital funds	44,405,197	42,349,479
Total risk-weighted assets	215,199,705	234,279,885

	Consolidated supervision			
	BOT's	2022	BOT's	2021
	minimum		minimum	
	requirement ⁽¹⁾		requirement ⁽¹⁾	
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	11	20.63	11	18.08
Tier 1 capital to total risk-weighted assets	8.5	17.13	8.5	14.75
Tier 1 common equity to total risk-weighted assets	7	17.13	7	14.75
Tier 2 capital to total risk-weighted assets	-	3.50	-	3.33

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

	Unit : Thousand Baht	
	The Bank	
	2022	2021
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,107,099	20,081,600
Legal reserve	2,015,000	2,015,000
Retained earnings after appropriations	11,188,210	9,811,534
Other comprehensive income	133,983	316,297
Less Capital deduction items on CET1	(877,476)	(509,030)
Total Tier 1 capital	32,566,816	31,715,401

	Unit : Thousand Baht The Bank	
	2022	2021
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of “pass” category	2,036,704	2,295,401
Total Tier 2 capital	7,036,704	7,295,401
Total capital funds	39,603,520	39,010,802
Total risk-weighted assets	170,403,066	190,253,366

	BOT's minimum requirement ⁽¹⁾	The Bank		2021
		2022	BOT's minimum requirement ⁽¹⁾	
		(%)		
Capital ratio				
Total capital to total risk-weighted assets	11	23.24	11	20.50
Tier 1 capital to total risk-weighted assets	8.5	19.11	8.5	16.67
Tier 1 common equity to total risk-weighted assets	7	19.11	7	16.67
Tier 2 capital to total risk-weighted assets	-	4.13	-	3.83

⁽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, 2021 in the Bank's website, www.icbcthai.com, under Financial Report section on April 30, 2022. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group as at December 31, 2022 within April 2023.

According to Bank of Thailand notification number For Gor 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, 2022 and 2021, 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 (if any).

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 determine 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 other comprehensive income when the plan amendment is effective.

7.4 Significant increase in credit risk

As explained in Note 3.5, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Bank and its subsidiaries take 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, 2022 and 2021 are as follows:

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Properties for sale from debt repayment	831	669	-	-
Amortisation of deferred interest	841	936	175	175

8.1.2 Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021 are as follows:

	Unit : Million Baht Consolidated			Balance as at December 31, 2022
	Balance as at January 1, 2022	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	48,644	(5,893)	2,784	45,535
Lease liabilities	469	(91)	58	436
Total	49,113	(5,984)	2,842	45,971

	Unit : Million Baht Consolidated			Balance as at December 31, 2021
	Balance as at January 1, 2021	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	44,551	3,341	752	48,644
Lease liabilities	294	(98)	273	469
Total	44,845	3,243	1,025	49,113

	Unit : Million Baht The Bank			Balance as at December 31, 2022
	Balance as at January 1, 2022	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	
Debt issued and borrowings	4,990	(175)	177	4,992
Lease liabilities	210	(48)	38	200
Total	5,200	(223)	215	5,192

(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 January 1, 2021	Financing cash flows ⁽¹⁾	Other changes ⁽²⁾	Balance as at December 31, 2021
Debt issued and borrowings	4,988	(173)	175	4,990
Lease liabilities	241	(64)	33	210
Total	5,229	(237)	208	5,200

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

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

8.1.3 Realised and unrealised gains (losses) on foreign exchange

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

8.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at December 31, 2022 and 2021 consists of the following:

Unit : Million Baht					
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 2022 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
Financial assets					
Cash	-	-	-	335	335
Interbank and money market items, net	-	-	-	42,547	42,547
Derivative assets	1,716	-	-	-	1,716
Investments, net	-	40,177	222	43,412	83,811
Loans to customers and accrued interest receivables, net	-	-	-	156,515	156,515
Total	1,716	40,177	222	242,809	284,924
Financial liabilities					
Deposit	-	-	-	162,982	162,982
Interbank and money market items	-	-	-	35,651	35,651
Liability payables on demand	-	-	-	129	129
Derivative liabilities	230	-	-	-	230
Debts issued and borrowings	-	-	-	45,535	45,535
Payables on credit support for derivative contracts	-	-	-	363	363
Total	230	-	-	244,660	244,890

	Unit : Million Baht				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Consolidated 2021 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	340	340
Interbank and money market items, net	-	-	-	64,219	64,219
Derivative assets	404	-	-	-	404
Investments, net	-	38,262	496	36,812	75,570
Loans to customers and accrued interest receivables, net	-	-	-	158,744	158,744
Receivables on credit support for derivative contracts	-	-	-	86	86
Total	404	38,262	496	260,201	299,363

<i>Financial liabilities</i>					
Deposit	-	-	-	158,928	158,928
Interbank and money market items	-	-	-	53,634	53,634
Liability payables on demand	-	-	-	228	228
Derivative liabilities	752	-	-	-	752
Debts issued and borrowings	-	-	-	48,644	48,644
Payables on credit support for derivative contracts	-	-	-	46	46
Total	752	-	-	261,480	262,232

	Unit : Million Baht				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	The Bank 2022 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	335	335
Interbank and money market items, net	-	-	-	41,969	41,969
Derivative assets	1,716	-	-	-	1,716
Investments, net	-	40,177	222	43,412	83,811
Loans to customers and accrued interest receivables, net	-	-	-	106,111	106,111
Total	1,716	40,177	222	191,827	233,942

	Unit : Million Baht				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	The Bank 2022 Investments in equity instruments designated at FVOCI	Financial instruments measured at AMC	Total
<i>Financial liabilities</i>					
Deposits	-	-	-	162,990	162,990
Interbank and money market items	-	-	-	34,361	34,361
Liability payables on demand	-	-	-	129	129
Derivative liabilities	230	-	-	-	230
Debts issued and borrowings	-	-	-	4,992	4,992
Payables on credit support for derivative contracts	-	-	-	363	363
Total	230	-	-	202,835	203,065

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

<i>Financial liabilities</i>					
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

8.3 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at December 31, 2022 and 2021 consists of the following:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Domestic items				
Bank of Thailand	2,273,519	2,630,169	2,273,519	2,630,169
Commercial banks	13,270,723	34,300,806	12,784,557	33,942,416
Specialized financial institutions	13,482,267	14,680,635	13,480,000	14,680,000
Other financial institutions	4,829,062	3,473,850	4,829,062	3,473,850
Total	33,855,571	55,085,460	33,367,138	54,726,435
Add Accrued interest receivables and undue interest receivables	6,124	4,399	6,097	4,394
Less Allowance for expected credit loss	(1,547)	(13,328)	(1,547)	(13,328)
Total domestic items, net	33,860,148	55,076,531	33,371,688	54,717,501
Foreign items				
US Dollar	6,670,634	7,414,981	6,581,196	7,324,189
Renminbi	1,877,134	1,548,378	1,877,134	1,548,378
Euro	32,846	141,303	32,846	141,303
Hong Kong Dollar	5,464	29,569	5,464	29,569
Other currencies	58,679	65,453	58,679	65,453
Total	8,644,757	9,199,684	8,555,319	9,108,892
Add Accrued interest receivables and undue interest receivables	74,686	38,146	74,686	38,146
Less Allowance for expected credit loss	(32,807)	(95,279)	(32,807)	(95,279)
Total foreign items, net	8,686,636	9,142,551	8,597,198	9,051,759
Total domestic and foreign items, net	42,546,784	64,219,082	41,968,886	63,769,260

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, 2022 and 2021 are as follows:

Types of risks	Unit : Thousand Baht Consolidated and the Bank					
	2022			2021		
	Fair value Assets	Liabilities	Notional amount ⁽¹⁾	Fair value Assets	Liabilities	Notional amount ⁽¹⁾
Foreign exchange	274,781	161,220	26,415,493	163,706	164,686	27,732,085
Interest rate	189,584	9,542	3,128,723	32,784	14,668	3,210,419
Foreign exchange and interest rate	-	-	-	39,758	134,070	6,642,546
Total	464,365	170,762	29,544,216	236,248	313,424	37,585,050

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

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

Counterparties	Consolidated and the Bank	
	2022	2021
	(%)	
Financial institutions	98.62	98.10
Corporations	1.38	1.90
Total	100.00	100.00

8.4.2 Derivatives held for hedging

As at December 31, 2022 and 2021, fair value and notional amounts classified by type of risk are as follows:

Types of risks	Unit : Thousand Baht		
	Consolidated and the Bank		
	2022		
	Assets	Fair value Liabilities	Notional Amount ⁽¹⁾
Interest rate			
- Fair value hedge	1,085,790	59,387	31,526,318
- Cash flow hedge	165,793	-	3,456,240
Total	1,251,583	59,387	34,982,558

(1) The value based on the contractual amount

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

(1) The value based on the contractual amount

Hedge accounting methodology

Fair value hedge

The Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate investments in debt securities. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to floating rate. Hedged items are investments in debt securities and loans receivables where their fair value amount, attributable to the hedged risk as at December 31, 2022 and 2021 are Baht 30,878 million and Baht 29,789 million, respectively. These arose ineffectiveness which recognised loss in the profit or loss for the years ended December 31, 2022 and 2021 in amounted of Baht 0.62 million and Baht 0.10 million, respectively.

Cash flow hedge

The Bank uses interest rate swaps to hedge its exposure to variability in future cash flows attributable to movements in interest rates of USD borrowings. The designated risk being hedged is the risk of changes in interest rate risk from floating rate to fixed rate. Cash flow hedge reserve is cumulative amount of effective portion of fair value of hedging instruments for the consolidated and the Bank which is recognised as gain in other component of equity as at December 31, 2022 and 2021 in amount of Baht 158 million and Baht 41 million, respectively.

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, 2022 and 2021 are as follows:

		Unit : Thousand Baht	
		Consolidated and the Bank	
	2022	2021	
	AMC	AMC	
<i>Investments in debt instruments measured at AMC</i>			
Domestic private debt securities	27,662,943	12,169,770	
Foreign private debt securities	15,792,987	24,673,360	
	<u>43,455,930</u>	<u>36,843,130</u>	
<u>Less</u> Allowance for expected credit loss	<u>(44,387)</u>	<u>(30,938)</u>	
Total	<u>43,411,543</u>	<u>36,812,192</u>	
<i>Investments in debt instruments measured at FVOCI</i>	Fair value	Fair value	
Government and state enterprise securities	37,368,891	33,945,340	
Domestic private debt securities	2,120,375	2,177,005	
Foreign private debt securities	687,792	2,139,974	
Total	<u>40,177,058</u>	<u>38,262,319</u>	
Allowance for expected credit loss	<u>(2,785)</u>	<u>(3,397)</u>	

		Unit : Thousand Baht	
		Consolidated and the Bank	
	2022	2021	
	Fair value	Dividend	Fair value
<i>Investments in equity instruments designated at FVOCI</i>			Dividend
Domestic marketable equity instruments	214,655	9,796	488,969
Domestic non-marketable equity instruments	7,342	1,174	7,450
Total	<u>221,997</u>	<u>10,970</u>	<u>496,419</u>
Total investments, net	<u>83,810,598</u>		<u>75,570,930</u>

As at December 31, 2022 and 2021, the investments in debt instruments measured at AMC are pledged as security on a contract for repurchase agreements in amount of Baht 4,784 million and Baht 7,583 million, respectively.

8.6 Investments in subsidiaries, net

Investments in subsidiaries as at December 31, 2022 and 2021 are as follows:

Name of subsidiaries	Type of business	The Bank							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2022	2021	2022	2021	2022	2021	2022	2021
		(%)		(in million Baht)		(in million Baht)		(in million Baht)	
<i>Direct subsidiary</i>									
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	-	-
<i>Indirect subsidiaries</i>									
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

8.7 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2022 and 2021 are as follows:

8.7.1 Classified by types of loans

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Overdrafts	400,110	464,134	400,110	464,134
Loans	73,730,416	81,188,382	77,186,692	84,530,407
Notes receivables	20,892,738	19,012,314	24,227,738	19,060,314
Factoring receivables	9,439,449	8,181,862	8,132,916	6,574,855
Hire purchase receivables	54,655,469	51,856,176	-	-
Finance lease receivables	4,104,525	4,715,202	-	-
Total loans to customers	163,222,707	165,418,070	109,947,456	110,629,710
Add Accrued interest receivables and undue interest income	636,813	470,620	696,776	527,113
Total loans to customers and accrued interest receivables	163,859,520	165,888,690	110,644,232	111,156,823
Less Allowance for expected credit loss	(7,344,249)	(7,144,862)	(4,532,757)	(3,701,778)
Loans to customers and accrued interest receivables, net	156,515,271	158,743,828	106,111,475	107,455,045

8.7.2 Classified by currencies and residences of customers

Unit : Thousand Baht						
	Consolidated					
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	140,166,197	37,118	140,203,315	138,585,332	29,339	138,614,671
US Dollar	17,057,206	3,959,709	21,016,915	18,730,740	4,378,248	23,108,988
Renminbi	19,382	185,026	204,408	20,922	586,641	607,563
Euro	267	1,797,802	1,798,069	301	3,086,547	3,086,848
Total ⁽¹⁾	157,243,052	5,979,655	163,222,707	157,337,295	8,080,775	165,418,070

Unit : Thousand Baht						
	The Bank					
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	86,937,075	37,118	86,974,193	83,839,901	29,339	83,869,240
US Dollar	13,554,801	7,415,985	20,970,786	15,345,786	7,720,273	23,066,059
Renminbi	19,382	185,026	204,408	20,922	586,641	607,563
Euro	267	1,797,802	1,798,069	301	3,086,547	3,086,848
Total ⁽¹⁾	100,511,525	9,435,931	109,947,456	99,206,910	11,422,800	110,629,710

⁽¹⁾ Total loans to customers refer to Note 8.7.1

8.7.3 Classified by stages

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

	Consolidated		Unit : Thousand Baht	
	2022	2021	2022	2021
Loans to customers and accrued interest receivables				
Stage 1	150,035,088	155,194,609	103,376,701	105,941,499
Stage 2 ⁽²⁾	12,896,654	9,740,564	7,037,751	4,941,368
Stage 3	927,778	953,517	229,780	273,956
Total ⁽¹⁾	163,859,520	165,888,690	110,644,232	111,156,823

⁽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 591 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, 2022 and 2021, 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 3,502 million and Baht 3,385 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 591 million and Baht 735 million, respectively and classified the customer in stage 2, in order to reflect credit risk of the customer according to current situation. The Amendment of rehabilitation plan of the such hire purchase receivable has already been approved in year 2022. The Bank and its subsidiaries are closely monitoring on such customer's performance.

8.7.4 Classified by business types and stages

Unit : Thousand Baht				
Consolidated 2022				
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Agriculture and mining	77,671	1,260	-	78,931
Manufacturing and commerce	51,244,053	2,066,110	26,144	53,336,307
Property development and construction	8,795,092	64,542	81,348	8,940,982
Infrastructure and services	40,249,847	4,803,736	105,152	45,158,735
Housing loans	8,452	1,520	-	9,972
Others ⁽¹⁾	49,123,349	5,874,853	699,578	55,697,780
Total ⁽²⁾	149,498,464	12,812,021	912,222	163,222,707

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

⁽²⁾ Total loans to customers refer to Note 8.7.1

Unit : Thousand Baht				
Consolidated 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	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

Unit : Thousand Baht				
The Bank 2022				
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Agriculture and mining	77,671	1,260	-	78,931
Manufacturing and commerce	53,272,520	5,522,386	26,144	58,821,050
Property development and construction	8,795,092	64,542	81,348	8,940,982
Infrastructure and services	40,249,847	1,301,332	105,152	41,656,331
Housing loans	8,452	1,520	-	9,972
Others	436,059	2,552	1,579	440,190
Total ⁽¹⁾	102,839,641	6,893,592	214,223	109,947,456

⁽¹⁾ 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

8.7.5 Non-performing loans

As at December 31, 2022 and 2021, the Bank and its subsidiaries have non-performing loans (NPLs) in accordance with the BOT's Notification Sor.Nor.Sor. 23/2561, regarding the "Classification and provision criteria of financial institution", dated October 31, 2018 as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Non-performing loans (net of allowance for expected credit loss)	672,085	703,802	201,060	255,221
% of non-performing loans to total loans (net of allowance for expected credit loss) ⁽¹⁾	0.34	0.31	0.14	0.15
Non-performing loans (before deducting allowance for expected credit loss)	912,221	939,364	214,223	259,804
% of non-performing loans to total loans (before deducting allowance for expected credit loss) ⁽¹⁾	0.46	0.42	0.15	0.15

⁽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	
			2022	2021	2022	2021
			(% per annum)		(in million Baht)	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	1.40	1.10	335	48
	Term loan	2024	2.34 - 2.41	-	3,000	-
Sky High LI Leasing Designated Activity Company Limited	Term loan	2038	1 year USD Cost of fund+0.10	3-month LIBOR + 1.70	3,456	3,342
Total					6,791	3,390
Less Allowance for expected credit loss					(646)	(735)
Net					6,145	2,655

8.7.7 Modified loans to customers

During the years ended December 31, 2022 and 2021, 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	
	2022	2021
Loans to customers modified during the years ⁽¹⁾		
Amortised cost before modification	1	1
Net modification loss	2	-

⁽¹⁾ This excluded loans to customers modified under relief program to customers who were affected from COVID-19 as mentioned in Note 8.35. There is no modification gain (loss) on these groups of customers.

As at December 31, 2022 and 2021, the Bank and its subsidiaries have no commitment to addition lending to customers after troubled debt restructurings.

8.8 Allowance for expected credit loss

Movements of allowance for expected credit loss as at December 31, 2022 and 2021 are as follows:

	Unit : Thousand Baht			
	Consolidated 2022			
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Interbank and money market items				
As at January 1, 2022	108,607	-	-	108,607
Changes from remeasurement of ECL	(11,203)	-	-	(11,203)
Purchased or acquired	6,548	-	-	6,548
Derecognition during the year	(69,598)	-	-	(69,598)
As at December 31, 2022	34,354	-	-	34,354
Investments in debt instruments				
As at January 1, 2022	33,321	1,014	-	34,335
Changes from remeasurement of ECL	(5,616)	-	-	(5,616)
Purchased or acquired	22,326	-	-	22,326
Derecognition during the year	(2,859)	(1,014)	-	(3,873)
As at December 31, 2022	47,172	-	-	47,172
Loans to customers				
As at January 1, 2022	4,074,006	2,835,294	235,562	7,144,862
Changes from stage reclassification	58,124	(116,313)	58,189	-
Changes from remeasurement of ECL	80,038	547	608,593	689,178
Acquired during the year	356,412	90,411	21,969	468,792
Derecognition	(202,146)	(72,259)	(40,208)	(314,613)
Write-off allowance for expected credit loss	-	-	(643,970)	(643,970)
As at December 31, 2022	4,366,434	2,737,680	240,135	7,344,249
Loan commitments and financial guarantee contracts				
As at January 1, 2022	256,537	3,958	22	260,517
Changes from stage reclassification	(592)	592	-	-
Changes from remeasurement of ECL	(51,025)	3,725	-	(47,300)
New loan commitments and financial guarantee contracts issued	43,755	4	-	43,759
Derecognition during the year	(25,228)	(912)	-	(26,140)
As at December 31, 2022	223,447	7,367	22	230,836

Unit : Thousand Baht				
Consolidated 2021				
	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 during the year	(299,389)	(72,182)	(50,593)	(422,164)
Write-off allowance for expected credit loss	-	-	(502,254)	(502,254)
As at December 31, 2021	4,074,006	2,835,294	235,562	7,144,862
Loan commitments and financial guarantee contracts				
As at January 1, 2021	287,656	6,041	22	293,719
Changes from stage reclassification	(30)	(3,139)	3,169	-
Changes from remeasurement of ECL	(86,015)	1,161	(3,169)	(88,023)
New loan commitments and financial guarantee contracts issued	114,354	22	-	114,376
Derecognition during the year	(59,428)	(127)	-	(59,555)
As at December 31, 2021	256,537	3,958	22	260,517

Unit : Thousand Baht

	The Bank 2022			
	Stage 1 (Performing)	Stage 2 (Under- performing)	Stage 3 (Non- performing)	Total
Interbank and money market items				
As at January 1, 2022	108,607	-	-	108,607
Changes from remeasurement of ECL	(11,203)	-	-	(11,203)
Purchased or acquired	6,548	-	-	6,548
Derecognition during the year	(69,598)	-	-	(69,598)
As at December 31, 2022	34,354	-	-	34,354
Investments in debt instruments				
As at January 1, 2022	33,321	1,014	-	34,335
Changes from remeasurement of ECL	(5,616)	-	-	(5,616)
Purchased or acquired	22,326	-	-	22,326
Derecognition during the year	(2,859)	(1,014)	-	(3,873)
As at December 31, 2022	47,172	-	-	47,172
Loans to customers				
As at January 1, 2022	2,897,056	800,140	4,582	3,701,778
Changes from stage reclassification	(29,744)	26,282	3,462	-
Changes from remeasurement of ECL	781,038	(86,670)	14,288	708,656
Acquired during the year	296,772	21,730	614	319,116
Derecognition during the year	(170,662)	(16,349)	(2,167)	(189,178)
Write-off allowance for expected credit loss	-	-	(7,615)	(7,615)
As at December 31, 2022	3,774,460	745,133	13,164	4,532,757
Loan commitments and financial guarantee contracts				
As at January 1, 2022	256,537	3,958	22	260,517
Changes from stage reclassification	(592)	592	-	-
Changes from remeasurement of ECL	(51,025)	3,725	-	(47,300)
New loan commitments and financial guarantee contracts issued	43,755	4	-	43,759
Derecognition during the year	(25,228)	(912)	-	(26,140)
As at December 31, 2022	223,447	7,367	22	230,836

Unit : Thousand Baht				
The Bank				
2021				
	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	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 year	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

8.9 Hire purchase and financial lease receivables

As at December 31, 2022 and 2021, the subsidiaries had net hire purchase and finance lease receivables, which are hire purchase or finance lease contracts for motor vehicles, aircrafts, machinery and equipment for businesses. The terms of the contracts are between 1 to 21 years and the interest is charged at floating or fixed rates as specified in the contracts.

Unit : Million Baht				
Consolidated 2022				
	Periods due for payments			Total
	Less than 1 year	1 - 5 years	Over 5 years	
Total of gross investments in the lease	16,393	42,676	7,685	66,754
<u>Less</u> Deferred revenue ⁽¹⁾	<u>(2,491)</u>	<u>(4,422)</u>	<u>(1,081)</u>	<u>(7,994)</u>
Present value of the minimum lease payments	<u>13,902</u>	<u>38,254</u>	<u>6,604</u>	<u>58,760</u>
<u>Less</u> Allowance for expected credit loss				<u>(2,807)</u>
Hire purchase and finance lease receivables, net				<u>55,953</u>

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

8.10 Properties foreclosed, net

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

The details of properties foreclosed as at December 31, 2022 and 2021 are as follows:

Unit : Thousand Baht					
Consolidated 2022					
Types of properties foreclosed	Beginning balance	Additions	Disposals	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
-Immovable properties	361,637	-	(54,342)	307,295 ⁽¹⁾	-
-Movable assets	110,714	830,846	(771,033)	170,527	-
Total	472,351	830,846	(825,375)	477,822	-
Assets from auction bidding					
-Immovable properties	78,710	-	(29,800)	48,910	-
-Movable assets	8,540	-	-	8,540	-
Total	87,250	-	(29,800)	57,450	-
Total properties foreclosed	559,601	830,846	(855,175)	535,272	-
<u>Less</u> Allowance for impairment	<u>(415,039)</u>	<u>(240,547)</u>	<u>276,694</u>	<u>(378,892)</u>	<u>-</u>
Total properties foreclosed, net	144,562	590,299	(578,481)	156,380	-

⁽¹⁾ As at December 31, 2022 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 217 million and Baht 90 million, respectively.

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

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

Unit : Thousand Baht					
Types of properties foreclosed	Beginning balance	Additions	The Bank 2022		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals	Ending balance	
Assets transferred in settlement of debts					
- Immovable properties	361,636	-	(54,342)	307,294 ⁽¹⁾	-
Total	361,636	-	(54,342)	307,294	-
Assets from auction bidding					
- Immovable properties	78,710	-	(29,800)	48,910	-
- Movable assets	8,540	-	-	8,540	-
Total	87,250	-	(29,800)	57,450	-
Total properties foreclosed	448,886	-	(84,142)	364,744	-
Less Allowance for impairment	(385,562)	(9,533)	72,471	(322,624)	-
Total properties foreclosed, net	63,324	(9,533)	(11,671)	42,120	-

⁽¹⁾ As at December 31, 2022 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 217 million and Baht 90 million, respectively.

Unit : Thousand Baht

Unit : Thousand Baht

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	
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
Less 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	-

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

8.11 Premised and equipment, net

Premised and equipment, net as at December 31, 2022 and 2021 are as follows:

Unit: Thousand Baht

	Balance as at January 1, 2022	Additions	Consolidated		Balance as at December 31, 2022
			Disposals/ Decrease	Transfer in/ (Transfer out)/ Adjustment	
Cost					
Land	8,500	-	-	-	8,500
Buildings and buildings improvement	6,892	-	-	-	6,892
Right-of-use assets	735,295	82,763	(136,057)	-	682,001
Furniture, fixtures and office equipment	664,952	35,518	(86,581)	76,095	689,984
Motor vehicles	88,002	5,144	(8,376)	-	84,770
Total cost	1,503,641	123,425	(231,014)	76,095	1,472,147
Accumulated depreciation					
Buildings and buildings improvement	(2,513)	(201)	-	-	(2,714)
Right-of-use assets	(183,542)	(111,277)	122,758	-	(172,061)
Furniture, fixtures and office equipment	(563,874)	(57,468)	83,915	-	(537,427)
Motor vehicles	(72,905)	(7,871)	8,376	-	(72,400)
Total accumulated depreciation	(822,834)	(176,817)	215,049	-	(784,602)
Total premised and Equipment	680,807	(53,392)	(15,965)	76,095	687,545
Furniture fixture and office equipment under installation	19,319	63,917	-	(76,095)	7,141
Total premised and equipment, net	700,126	10,525	(15,965)	-	694,686

Unit: Thousand Baht					
	Balance as at January 1, 2021	Additions	Consolidated Disposals/ Decrease	Transfer in/ (Transfer out)/ Adjustment	Balance as at December 31, 2021
Cost					
Land	8,500	-	-	-	8,500
Buildings and buildings improvement	6,892	-	-	-	6,892
Right-of-use assets	487,492	267,611	(19,808)	-	735,295
Furniture, fixtures and office equipment	656,418	21,419	(18,070)	5,185	664,952
Motor vehicles	88,002	-	-	-	88,002
Total cost	1,247,304	289,030	(37,878)	5,185	1,503,641
Accumulated depreciation					
Buildings and buildings improvement	(2,310)	(203)	-	-	(2,513)
Right-of-use assets	(97,342)	(102,301)	16,101	-	(183,542)
Furniture, fixtures and office equipment	(518,713)	(63,227)	18,066	-	(563,874)
Motor vehicles	(63,424)	(9,481)	-	-	(72,905)
Total accumulated depreciation	(681,789)	(175,212)	34,167	-	(822,834)
Total premised and Equipment	565,515	113,818	(3,711)	5,185	680,807
Furniture fixture and office equipment under installation	-	24,504	-	(5,185)	19,319
Total premised and equipment, net	565,515	138,322	(3,711)	-	700,126
Depreciation for the years ended December 31,					
2022				Thousand Baht	176,817
2021				Thousand Baht	175,212

As at December 31, 2022 and 2021, the Bank and its subsidiaries had no motor vehicles under financial leases agreement. The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at December 31, 2022 and 2021 amounting to Baht 460 million and Baht 482 million, respectively.

Unit: Thousand Baht					
	Balance as at January 1, 2022	Additions	The Bank Disposals/ Decrease	Transfer in/ (Transfer out)/ Adjustment	Balance as at December 31, 2022
Cost					
Land	8,500	-	-	-	8,500
Buildings and buildings improvement	6,892	-	-	-	6,892
Right-of-use assets	413,243	56,900	(69,222)	-	400,921
Furniture, fixtures and office equipment	506,518	22,740	(9,224)	30,333	550,367
Motor vehicles	67,438	5,144	(6,878)	-	65,704
Total cost	1,002,591	84,784	(85,324)	30,333	1,032,384
Accumulated depreciation					
Buildings and buildings improvement	(2,513)	(203)	-	-	(2,716)
Right-of-use assets	(118,853)	(66,781)	57,029	-	(128,605)
Furniture, fixtures and office equipment	(430,158)	(37,060)	9,220	-	(457,998)
Motor vehicles	(54,088)	(7,264)	6,878	-	(54,474)
Total accumulated depreciation	(605,612)	(111,308)	73,127	-	(643,793)
Total premised and Equipment	396,979	(26,524)	(12,197)	30,333	388,591
Furniture fixture and office equipment under installation	9,716	25,890	-	(30,333)	5,273
Total premised and equipment, net	406,695	(634)	(12,197)	-	393,864

Unit: Thousand Baht					
	Balance as at January 1, 2021	Additions	The Bank Disposals/ Decrease	Transfer in/ (Transfer out)/ Adjustment	Balance as at December 31, 2021
Cost					
Land	8,500	-	-	-	8,500
Buildings and buildings improvement	6,892	-	-	-	6,892
Right-of-use assets	402,483	26,107	(15,347)	-	413,243
Furniture, fixtures and office equipment	504,023	10,274	(12,488)	4,709	506,518
Motor vehicles	67,438	-	-	-	67,438
Total cost	989,336	36,381	(27,835)	4,709	1,002,591
Accumulated depreciation					
Buildings and buildings improvement	(2,310)	(203)	-	-	(2,513)
Right-of-use assets	(63,832)	(70,111)	15,090	-	(118,853)
Furniture, fixtures and office equipment	(404,645)	(37,997)	12,484	-	(430,158)
Motor vehicles	(45,213)	(8,875)	-	-	(54,088)
Total accumulated depreciation	(516,000)	(117,186)	27,574	-	(605,612)
Total premised and Equipment	473,336	(80,805)	(261)	4,709	396,979
Furniture fixture and office equipment under installation	-	14,425	-	(4,709)	9,716
Total premised and equipment, net	473,336	(66,380)	(261)	-	406,695

Depreciation for the years ended December 31,
2022
2021

Thousand Baht	111,308
Thousand Baht	117,186

As at December 31, 2022 and 2021, 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, 2022 and 2021 amounting to Baht 406 million and Baht 366 million, respectively.

8.12 Intangible assets, net

Intangible assets, net as at December 31, 2022 and 2021 are as follows:

Unit: Thousand Baht					
	Balance as at January 1, 2022	Additions	Consolidated Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2022
Cost					
Computer software	106,667	9,572	(1,968)	21,221	135,492
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	133,417	9,572	(1,968)	21,221	162,242
Accumulated amortization					
Computer software	(80,008)	(6,749)	-	-	(86,757)
Related customer relationship fee	(23,994)	(2,520)	-	-	(26,514)
Total accumulated amortization	(104,002)	(9,269)	-	-	(113,271)
Total intangible assets	29,415	303	(1,968)	21,221	48,971
Computer software under installation	6,127	15,328	-	(21,305)	150
Total intangible assets, net	35,542	15,631	(1,968)	(84)	49,121

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

Amortization for the years ended December 31,
2022
2021

Thousand Baht	9,269
Thousand Baht	7,675

Unit : Thousand Baht

	Balance as at January 1, 2022	Additions	The Bank Disposals/ decrease	Transfer in/ (transfer out)/ adjustment	Balance as at December 31, 2022
Cost					
Computer software	55,492	9,522	-	11,796	76,810
Related customer relationship fee	26,750	-	-	-	26,750
Total cost	82,242	9,522	-	11,796	103,560
Accumulated amortization					
Computer software	(40,775)	(4,334)	-	-	(45,109)
Related customer relationship fee	(23,994)	(2,520)	-	-	(26,514)
Total accumulated amortization	(64,769)	(6,854)	-	-	(71,623)
Total intangible assets	17,473	2,668	-	11,796	31,937
Computer software under installation	-	11,796	-	(11,796)	-
Total intangible assets, net	17,473	14,464	-	-	31,937

Unit : Thousand Baht

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

Amortization for the years ended December 31,
2022
2021

Thousand Baht 6,854
Thousand Baht 5,905

8.13 Deferred tax

Deferred tax assets and liabilities as at December 31, 2022 and 2021 are as follows:

Unit : Thousand Baht Consolidated		
	2022	2021
Deferred tax assets	1,820,467	1,735,072
Deferred tax liabilities	(705,501)	(825,031)
Net	1,114,966	910,041

Unit : Thousand Baht The Bank		
	2022	2021
Deferred tax assets	908,737	622,162
Deferred tax liabilities	(63,198)	(130,605)
Net	845,539	491,557

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

Unit : Thousand Baht					
	As at January 1, 2022	Consolidated (Charged) / Credited to:		Exchange differences	As at December 31, 2022
		Profit or loss	Other comprehensive income		
Deferred tax assets					
Interbank and money market items	195	17	-	-	212
Derivative assets	104,155	(47,790)	-	-	56,365
Investments	14,011	231,821	(45,243)	-	200,589
Loans to customers and accrued interest receivables	402,699	(80,833)	-	-	321,866
Allowance for expected credit loss	457,219	156,775	-	-	613,994
Properties foreclosed	83,007	(7,230)	-	-	75,777
Other assets	475,250	(105,537)	-	-	369,713
Provisions	123,206	216	(4,032)	-	119,390
Other liabilities	41,076	6,154	-	89	47,319
Loss carry forward	34,254	(20,625)	-	1,613	15,242
Total	1,735,072	132,968	(49,275)	1,702	1,820,467
Deferred tax liabilities					
Investments	(122,408)	122	90,670	-	(31,616)
Loans to customers and accrued interest receivables	(690,119)	51,356	-	-	(638,763)
Deferred direct costs of debentures	(4,307)	767	-	-	(3,540)
Others	(8,197)	-	(23,385)	-	(31,582)
Total	(825,031)	52,245	67,285	-	(705,501)
Net	910,041	185,213	18,010	1,702	1,114,966

Unit : Thousand Baht

		Consolidated (Charged) / Credited to:			
	As at January 1, 2021	Profit or loss	Other comprehensive income	Exchange differences	As at December 31, 2021
<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

		The Bank		
		(Charged) / Credited to:		
	As at January 1, 2022	Profit or loss	Other comprehensive income	As at December 31, 2022
<i>Deferred tax assets</i>				
Interbank and money market items	195	17	-	212
Derivative assets	104,155	(47,790)	-	56,365
Investments	14,011	231,821	(45,243)	200,589
Loans to customers and accrued interest receivables	17,816	8,102	-	25,918
Allowance for expected credit loss	295,626	151,606	-	447,232
Properties foreclosed	77,112	(12,588)	-	64,524
Other assets	1,119	1,469	-	2,588
Provisions	108,302	(1,541)	(1,612)	105,149
Other liabilities	3,826	2,334	-	6,160
Total	622,162	333,430	(46,855)	908,737
<i>Deferred tax liabilities</i>				
Investments	(122,408)	-123	90,669	(31,616)
Others	(8,197)	-	(23,385)	(31,582)
Total	(130,605)	123	67,284	(63,198)
Net	491,557	333,553	20,429	845,539

Unit : Thousand Baht

		The Bank		
		(Charged) / Credited to:		
	As at January 1, 2021	Profit or loss	Other comprehensive income	As at December 31, 2021
<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

8.14 Other assets, net

Other assets, net as at December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Prepaid expenses	31,939	17,529	29,212	11,096
Deposit	28,585	31,348	17,462	13,255
Advance payment	523	551	512	519
Others	2,059	2,389	1,439	1,860
Total	63,106	51,817	48,625	26,730

8.15 Deposits

Deposit as at December 31, 2022 and 2021 are as follows:

8.15.1 Classified by types of deposits

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Demand	17,427,998	13,718,351	17,427,998	13,718,574
Savings	29,888,961	25,674,935	29,896,960	25,677,504
Fixed				
- Less than 6 months	60,653,121	34,154,392	60,653,121	34,154,392
- 6 months and less than 1 year	27,798,931	40,249,050	27,798,931	40,249,050
- 1 year and over	27,212,589	45,131,752	27,212,589	45,131,753
Total	162,981,600	158,928,480	162,989,599	158,931,273

8.15.2 Classified by currencies and residences of depositors

Unit : Thousand Baht						
Consolidated						
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	149,062,134	4,335,342	153,397,476	145,867,118	4,593,579	150,460,697
US Dollar	5,993,721	231,349	6,225,070	4,825,757	266,991	5,092,748
Renminbi	2,411,807	660,208	3,072,015	2,481,968	690,192	3,172,160
Other currencies	281,848	5,191	287,039	198,178	4,697	202,875
Total	157,749,510	5,232,090	162,981,600	153,373,021	5,555,459	158,928,480

Unit : Thousand Baht						
The Bank						
	2022			2021		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	149,070,133	4,335,342	153,405,475	145,869,911	4,593,579	150,463,490
US Dollar	5,993,721	231,349	6,225,070	4,825,757	266,991	5,092,748
Renminbi	2,411,807	660,208	3,072,015	2,481,968	690,192	3,172,160
Other currencies	281,848	5,191	287,039	198,178	4,697	202,875
Total	157,757,509	5,232,090	162,989,599	153,375,814	5,555,459	158,931,273

8.16 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) as at December 31, 2022 and 2021 are as follows:

Unit : Thousand Baht				
The Bank				
	2022	2021	2022	2021
Domestic items				
Bank of Thailand	101,200	470,100	101,200	470,100
Commercial banks	4,507,858	916,849	3,217,857	666,849
Specialised financial institutions	60,182	215,131	60,182	215,131
Other financial institutions	1,001,323	1,375,880	1,001,323	1,375,880
Total domestic items	5,670,563	2,977,960	4,380,562	2,727,960
Foreign items				
US Dollar	24,586,842	33,355,436	24,586,842	33,355,435
Renminbi	3,732,691	2,215,671	3,732,691	2,215,671
Euro	1,228,562	14,299,982	1,228,562	14,299,982
Japan Yen	-	639,405	-	639,405
Thai Baht	432,087	145,906	432,088	145,907
Total foreign items	29,980,182	50,656,400	29,980,183	50,656,400
Total domestic and foreign items	35,650,745	53,634,360	34,360,745	53,384,360

8.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2022 and 2021 are as follows:

Consolidated						
	2022		2021			
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	(Thousand Baht)		(%)	(Thousand Baht)
Unsecured debentures	2023 - 2026	0.86 - 3.00	40,543,352	2022 - 2026	0.66 - 2.74	43,653,889
Subordinated debentures ⁽¹⁾	2028	3.50	4,991,646	2028	3.50	4,990,190
Total			45,534,998			48,644,079

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

The Bank						
		2022			2021	
	Maturity	Interest rate	Amount	Maturity	Interest rate	Amount
		(%)	(Thousand Baht)		(%)	(Thousand Baht)
Subordinated debentures ⁽¹⁾	2028	3.50	4,991,646	2028	3.50	4,990,190
Total			4,991,646			4,990,190

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

Subordinated debentures

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

8.18 Provisions for employee benefits

Provisions for employee benefits as at December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Statement of financial position				
Statement of financial position obligations for:				
<i>Post-employment benefits</i>				
Defined benefit plan	365	354	295	281

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.

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Present value of the defined benefit obligations				
Beginning	354	370	281	306
Included in profit or loss:				
Current service cost	43	45	31	32
Interest on obligation	9	4	7	3
	52	49	38	35
Included in other comprehensive income				
Actuarial losses (gains)				
- Demographic assumptions	7	7	7	7
- Financial assumptions	(12)	(26)	(6)	(24)
- Experience adjustment	(15)	(24)	(9)	(29)
	(20)	(43)	(8)	(46)
Benefit paid	(21)	(22)	(16)	(14)
Ending	365	354	295	281

	Consolidated		Unit : Percentage The Bank	
	2022	2021	2022	2021
<i>Principal actuarial assumptions</i>				
Discount rate	1.10 - 2.57	1.09 - 1.42	2.53	1.10
Future salary growth	5.00 - 5.50	4.00 - 5.50	5.00	4.00
Employee turnover (depends on age bands)	0 - 20	0 - 18	0 - 20	0 - 18

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

As at December 31, 2022 and 2021, the weighted-average duration of the defined benefit obligation was 5.57 - 7.80 years and 5.60 - 7.42 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		The Bank	
	2022 1% increase in assumption	2021 1% increase in assumption	2022 1% decrease in assumption	2021 1% decrease in assumption
Discount rate	(17.37)	(17.45)	19.48	19.61
Future salary growth	18.75	18.73	(17.08)	(17.04)
Employee turnover	(18.59)	(18.53)	10.06	10.00
Future mortality	0.65	0.67	(0.65)	(0.67)

<i>Effect to the defined benefit obligation</i>	Unit : Million Baht			
	Consolidated		The Bank	
	2022 1% increase in assumption	2021 1% increase in assumption	2022 1% decrease in assumption	2021 1% decrease in assumption
Discount rate	(12.83)	(12.59)	14.33	14.08
Future salary growth	13.83	13.52	(12.65)	(12.36)
Employee turnover	(13.62)	(13.26)	6.99	6.69
Future mortality	0.47	0.48	(0.47)	(0.48)

8.19 Other liabilities

Other liabilities as at December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Other payables	328,478	561,401	118,853	210,249
Advance received from finance lease	119,408	147,286	-	-
Advance received from electronic payment ⁽¹⁾	46,361	10,426	46,361	10,426
Accrued expenses	647,838	622,617	528,828	512,244
Withholding tax payable	43,448	35,502	37,408	29,266
Special business tax payable	44,049	30,915	44,049	30,915
Corporate income tax payable	431,119	332,413	328,859	253,777
Others	491,466	389,850	411,377	318,007
Total	2,152,167	2,130,410	1,515,735	1,364,884

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

8.20 Offsetting of financial assets and financial liabilities

Offsetting of financial assets and financial liabilities as at December 31, 2022 and 2021 are as follows:

Unit : Million Baht					
Consolidated and the Bank					
	Gross amount	Amount offset in statement of financial position	Amount presented in statement of financial position	Amounts not offset in statement of financial position eligible for offsetting per contracts	Net amount
Financial assets					
Reverse sale-and-repurchase	26,180	-	26,180	(26,180)	-
Derivative assets	564	-	564	(363)	201
Total	26,744	-	26,744	(26,543)	201
Financial liabilities					
Sale-and-repurchase	4,385	-	4,385	(4,385)	-
Derivative liabilities	97	-	97	-	97
Total	4,482	-	4,482	(4,385)	97

Unit : Million Baht					
Consolidated and the Bank					
	Gross amount	Amount offset in statement of financial position	Amount presented in statement of financial position	Amounts not offset in statements of financial position eligible for offsetting per contracts	Net amount
Financial assets					
Reverse sale-and-repurchase	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

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statement of financial position as at December 31, 2022 and 2021 are as follows:

Unit : Million Baht					
Consolidated					
	2022				
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	26,180	Interbank and money market items	8.3	42,547	16,367
Derivative assets	564	Derivative assets	8.4	1,716	1,152
Total	26,744			44,263	17,519

Unit : Million Baht

Type of financial instruments	Amount presented in statement of financial position	Consolidated 2022	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	4,385	Interbank and money market items	8.16	35,642	31,257
Derivative liabilities	97	Derivative liabilities	8.4	230	133
Total	4,482			35,872	31,390

Unit : Million Baht

Type of financial instruments	Amount presented in statement of financial position	Consolidated 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 assets</i>						
Reverse sale-and-repurchase	48,480	Interbank and money market items	8.3	64,219	15,739	
Derivative assets	232	Derivative assets	8.4	404	172	
Total	48,712			64,623	15,911	

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

		The Bank 2022		Unit : Million Baht	
Type of financial instruments	Amount presented in statement of financial position	Items in statement of financial position	Notes	Carrying amount in statement of financial position	Carrying amount in statement of financial position that are not qualify for offsetting
<i>Financial assets</i>					
Reverse sale-and- repurchase	26,180	Interbank and money market items	8.3	41,969	15,789
Derivative assets	564	Derivative assets	8.4	1,716	1,152
Total	26,744			43,685	16,941

Financial liabilities

Sale-and-repurchase	4,385	Interbank and money market items	8.16	34,361	29,976	
Derivative liabilities	97	Derivative liabilities	8.4	230	133	
Total	4,482			34,591	30,109	

Unit : Million Baht

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

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	Number	Consolidated and the Bank		
			2022	2021	
	(in Baht)		Amount	Number	Amount
			(thousand shares/thousand Baht)		
<i>Authorised</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
- reduction of authorised shares	8.92	(2,802)	(24,995)	-	-
At the end of the years					
- preference shares	8.92	442	3,946	451	4,024
- ordinary shares	8.92	2,253,717	20,103,153	2,256,510	20,128,070
<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
- reduction of Issued and paid- up shares	8.92	(2,802)	(24,995)	-	-
At the end of the years					
- preference shares	8.92	442	3,946	451	4,024
- ordinary shares	8.92	2,253,717	20,103,153	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 in accordance with the Articles of Association of the Bank and are entitled to one vote per share at the shareholders' meeting of the Bank.

8.21.2 Treasury shares

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

On March 22, 2019, the Board of Directors of the Bank approved the Bank to buyback to its shares from shareholders who disagreed with the amendment of 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 2,802,112 shares accounted for 0.12 percent of issued and paid-up shares capital comprising of ordinary share 2,793,462 shares and preferred share Class B 8,650 shares ("Treasury shares").

As at December 31, 2021, the Bank held the treasury shares amounted to 2,802,112 shares accounted for 0.12 percent of issued and paid-up share capital comprising of ordinary share 2,793,462 shares and preferred share Class B 8,650 shares, at total cost of Baht 50.49 million.

On April 26, 2022, the meeting Board of Directors of the Bank No.2/2022 approved the decrease in the Bank's authorised share capital and change in its issued and paid-up share capital by written off the treasury shares in the amount of 2,802,112 shares comprising of ordinary share 2,793,462 shares and preferred share Class B 8,650 shares at par value of Baht 8.92 per share. On May 19, 2022, the Bank of Thailand has approved the decrease in share capital of the Bank by written off the treasury shares and the Bank has completely registered this decrease in authorised share capital and change in its issued and paid-up share capital with the Ministry of Commerce on June 6, 2022.

As at December 31, 2022, the Bank's new authorized share capital and issued and paid-up share capital was 2,254,159,086 shares comprising of ordinary share 2,253,716,655 shares and preferred share Class B 442,431 shares and no the treasury shares.

8.22 Reserve and other components of 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, 2022 and 2021 are as follows:

8.23.1 Commitments

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Avals to bills and guarantees of loans	764	882	764	882
Letter of credit	44	128	44	128
Other contingencies				
- Overdraft undrawn committed line	836	1,037	866	1,067
- Other guarantees	26,583	28,733	26,583	28,733
- Others	2,942	8,533	2,942	8,533
Total	31,169	39,313	31,199	39,343

8.23.2 Contingent liabilities from litigations

As at December 31, 2022 and 2021, 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

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited – Tokyo	Japan	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Kuwait	Kuwait	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Laos	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Luxembourg	Luxembourg	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Singapore	Singapore	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	UAE	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - London	United Kingdom	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - New York	United States	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Doha	Qatar	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, 2022 and 2021 were as follows:

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Interbank and money market items (assets)				
Parent company	2,912	2,128	2,827	2,372
Other related parties	25	135	25	135
Derivative assets (fair value)				
Parent company	386	63	386	63
Other related parties	531	82	531	82
Investments in subsidiaries				
Subsidiaries	-	-	4,250	4,250
Loans to customers and accrued interest receivables, net				
Subsidiaries	-	-	6,205	2,711
Key management personnel	1	-	1	-
Other assets				
Parent company	18	28	18	28
Deposits				
Subsidiaries	-	-	8	3
Key management personnel	55	104	55	104
Other related parties	100	-	100	-
Interbank and money market items (liabilities)				
Parent company	23,583	33,832	23,583	33,832
Other related parties	121	31	121	31
Derivative liabilities (fair value)				
Parent company	1	346	1	346
Other related parties	15	206	15	206
Accrued interest payables				
Parent company	216	84	216	84

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Off-financial reporting items				
Other guarantees				
Parent company	11,932	10,766	11,932	10,766
Subsidiaries	-	-	30	30
Other related parties	184	63	184	63
Forward exchange contracts-bought (notional amounts)				
Parent company	2,652	6,776	2,652	6,776
Other related parties	4,854	5,448	4,854	5,448
Forward exchange and interest rate contracts (notional amounts)				
Parent company	-	2,804	-	2,804
Interest rate swap contracts (notional amounts)				
Parent company	5,610	8,313	5,610	8,313
Other related parties	8,147	8,945	8,147	8,945

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 December 31, 2022 by amounting to US Dollar 372 million (equivalent to Baht 12,857 million) and as at December 31, 2021 by amounting to US Dollar 498 million (equivalent to Baht 16,643 million).

Significant balances with related parties as at December 31, 2022 and 2021 were as follows:

	Consolidated		Unit : Million Baht The Bank	
	2022	2021	2022	2021
Parent company				
Interest income	24	12	24	12
Interest expense	645	221	645	221
Fee income	10	8	10	8
Fee expense	28	30	28	30
Related parties				
Interest income	-	4	-	4
Fee income	-	13	-	13
Subsidiaries				
Interest income	-	-	126	22
Fee income	-	-	2	3
Other income	-	-	2	4
Related persons				
Interest expense	1	1	1	1
Key management personnel				
Key management personnel compensation				
- Short-term employee benefit	173	149	133	116
- Post -employment benefit	2	2	2	2

Directors and management's remuneration

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

8.25 Operating segment

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.

Operating segment by businesses for the years ended December 31, 2022 and 2021 are as follows:

	Unit : Million Baht				
			Consolidated 2022 Total	Elimination entries	Total
	Banking business	Hire purchase, finance lease and factoring business			
Net interest income	4,453	1,896	6,349	-	6,349
Net fees and service income	196	392	588	(2)	586
Net losses on financial instrument measured at FVTPL	(18)	-	(18)	-	(18)
Other operating income	99	319	418	-	418
Other operating expenses	(1,703)	(1,155)	(2,858)	2	(2,856)
Profit before expected credit loss	3,027	1,452	4,479	-	4,479
Expected credit loss	(749)	34	(715)	-	(715)
Profit from operation before income tax	2,278	1,486	3,764	-	3,764
Income tax	(499)	(286)	(785)	-	(785)
Profit for the year	1,779	1,200	2,979	-	2,979
Financial position as at December 31, 2022					
Total assets	240,642	59,172	299,814	(11,110)	288,704
Total liabilities	205,896	49,749	255,645	(6,860)	248,785

	Unit : Million Baht				
	Consolidated 2021				
	Banking business	Hire purchase, finance lease and factoring business	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

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

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

As at December 31, 2022 and 2021, the consolidated financial position classified by domestic and foreign business were as follows:

	Unit : Million Baht			
	Consolidated 2022			
	Domestic business	Foreign Business	Elimination entries	Total
Total assets	296,796	3,018	(11,110)	288,704
Interbank and money market items, net (Assets)	42,458	89	-	42,547
Investments, net ⁽¹⁾	83,811	-	-	83,811
Loans to customers and accrued interest receivables, net	157,060	2,911	(3,456)	156,515
Deposits	162,982	-	-	162,982
Interbank and money market items (Liabilities)	35,651	3,456	(3,456)	35,651
Debt issued and borrowings	45,535	-	-	45,535

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

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

⁽¹⁾ The amount excludes investments in subsidiaries, net

The results of the consolidated operations classified by domestic and foreign business for the years ended December 31, 2022 and 2021 were as follows:

Unit : Million Baht

	Consolidated				Consolidated			
	2022		2021		2022		2021	
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign Business	Elimination entries	Total
Interest income	9,497	77	(82)	9,492	8,451	15	(8)	8,458
Interest expenses	(3,143)	(82)	82	(3,143)	(2,712)	(8)	8	(2,712)
Net interest income	6,354	(5)	-	6,349	5,739	7	-	5,746
Net fees and service income	586	-	-	586	672	-	-	672
Net losses on financial instrument at FVTPL	(18)	-	-	(18)	(207)	-	-	(207)
Other operating income	418	-	-	418	930	-	-	930
Other operating expenses	(2,853)	(3)	-	(2,856)	(2,719)	-	-	(2,719)
Expected credit loss	(887)	172	-	(715)	(821)	(254)	-	(1,075)
Profit from operations before income tax	3,600	164	-	3,764	3,594	(247)	-	3,347

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, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Interbank and money market items	628,658	456,589	628,033	456,448
Investments in debt instruments	2,174,638	1,797,622	2,174,638	1,797,622
Loans to customers and factoring	4,026,173	3,764,489	4,074,620	3,696,347
Hire purchase and finance leases receivables	2,662,410	2,438,445	-	92
Others	394	1,166	394	1,166
Total	9,492,273	8,458,311	6,877,685	5,951,675

8.27 Interest expenses

Interest expenses for the years ended December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Deposits	1,064,965	1,107,458	1,064,981	1,107,505
Interbank and money market items	811,586	287,752	796,903	281,450
Contributions to Deposit Protection Agency and Bank of Thailand	386,476	368,783	386,476	368,783
Debt issued - debentures	860,889	927,940	175,002	175,000
Debentures fee expense	19,432	19,814	1,737	1,740
Total	3,143,348	2,711,747	2,425,099	1,934,478

8.28 Net fees and service income

Net fees and service income for the years ended December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
<i>Fees and service income</i>				
Acceptances, avals and guarantees	185,832	258,304	185,832	258,304
Letter of credit fee	11,227	15,349	11,227	15,349
Hire purchase and finance leases	63,138	77,029	-	-
Life and non-life insurance	365,622	333,829	1,582	1,877
Others	130,285	121,968	122,652	116,290
Total fees and service income	756,104	806,479	321,293	391,820
Fees and service expense	(170,481)	(134,323)	(125,532)	(102,123)
Net fees and service income	585,623	672,156	195,761	289,697

8.29 Net losses on financial instruments measured at FVTPL

Net losses on financial instruments measured at FVTPL for the years ended December 31, 2022 and 2021 are as follows:

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Foreign currencies and foreign currency related derivatives	(18,129)	(206,655)	(18,018)	(206,474)
Gains on hedge accounting	617	15	617	15
Total	(17,512)	(206,640)	(17,401)	(206,459)

8.30 Net gains on investments

Net gains on investments for the years ended December 31, 2022 and 2021 are as follows:

	Unit : Thousand Baht Consolidated and the Bank	
	2022	2021
Investments measured at FVOCI	-	2
Investments measured at AMC	-	7,195
Total	-	7,197

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, 2022 and 2021 are as follows:

Unit : Thousand Baht		
Consolidated		
	2022	2021
Interbank and money market items (reversal)	(74,253)	7,606
Investment in debt instruments measured at FVOCI	(612)	(1,323)
Investment in debt instruments measured at AMC	13,449	1,884
Loans to customers and accrued interest receivables	804,349	1,099,881
Loan commitments and financial guarantee contracts (reversal)	(29,681)	(33,202)
Loss on modification	1,916	344
Total	715,168	1,075,190

Unit : Thousand Baht		
The Bank		
	2022	2021
Interbank and money market items (reversal)	(74,253)	7,606
Investment in debt instruments measured at FVOCI	(612)	(1,323)
Investment in debt instruments measured at AMC	13,449	1,884
Loans to customers and accrued interest receivables	838,594	776,340
Loan commitments and financial guarantee contracts (reversal)	(29,681)	(33,202)
Loss on modification	1,916	344
Total	749,413	751,649

8.33 Income taxes

Income taxes for the years ended December 31, 2022 and 2021 are as follows:

8.33.1 Income tax recognised in profit or loss

	Consolidated		Unit : Thousand Baht The Bank	
	2022	2021	2022	2021
Current tax expense				
Current years	1,096,730	769,818	833,007	546,090
Under (over) provided in prior years	(126,301)	(46,027)	(92)	103
	<u>970,429</u>	<u>723,791</u>	<u>832,915</u>	<u>546,193</u>
Deferred tax expense				
Movements in temporary differences	(185,213)	(28,809)	(333,553)	(185,381)
	<u>(185,213)</u>	<u>(28,809)</u>	<u>(333,553)</u>	<u>(185,381)</u>
Total income tax expense	<u>785,216</u>	<u>694,982</u>	<u>499,362</u>	<u>360,812</u>

Reconciliation of effective tax rate

	Rate	Consolidated		Rate	2021 (in thousand Baht)
		2022 (in thousand Baht)			
Profit before income tax expense		3,764,177			3,347,117
Income tax using the Thai corporation tax rate	20	752,835	20		669,423
Non - taxable income		-			(15,085)
Expense not deductible for tax purpose		171,041			67,485
Additional deductible expense for tax purposes ⁽²⁾		-			(668)
Over provided in prior years		(126,301)			(46,027)
Income tax of the indirect subsidiaries that is not taxable		(12,359)			19,854
Total	21 ⁽¹⁾	785,216	21 ⁽¹⁾		694,982

⁽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		Rate	2021 (in thousand Baht)
		2022 (in thousand Baht)			
Profit before income tax expense		2,278,048			1,878,792
Income tax using the Thai corporation tax rate	20	455,610	20		375,758
Non-taxable income		-			(15,049)
Non-taxable expense		43,844			-
Under (over) provided in prior years		(92)			103
Total	22 ⁽¹⁾	499,362	19 ⁽¹⁾		360,812

⁽¹⁾ Effective tax rate

8.33.2 Income tax recognised in other comprehensive income

Income tax recognised in other comprehensive income for the years ended December 31, 2022 and 2021 are as follows:

	Unit : Thousand Baht					
	Consolidated					
	Before tax	2022 Tax expense	Net of tax	Before tax	2021 Tax income	Net of tax
Other comprehensive income						
Investment in equity instruments measured at FVOCI	(248,924)	49,785	(199,139)	217,581	(43,516)	174,065
Investment in debt instruments measured at FVOCI	21,184	(4,359)	16,825	(95,094)	18,754	(76,340)
Cash flow hedge reserve	116,923	(23,385)	93,538	45,280	(9,056)	36,224
Actuarial gains on defined employee benefit plans	20,156	(4,031)	16,125	42,811	(13,092)	29,719
Exchange differences on translating foreign Operations	(24,449)	-	(24,449)	(62,648)	-	(62,648)
Total	(115,110)	18,010	(97,100)	147,930	(46,910)	101,020

	Unit : Thousand Baht					
	The Bank					
	Before tax	2022 Tax expense	Net of tax	Before tax	2021 Tax income	Net of tax
Other comprehensive income						
Investment in equity instruments measured at FVOCI	(248,924)	49,785	(199,139)	217,581	(43,516)	174,065
Investment in debt instruments measured at FVOCI	21,184	(4,359)	16,825	(95,094)	18,754	(76,340)
Cash flow hedge reserve	116,923	(23,385)	93,538	45,280	(9,056)	36,224
Actuarial gains on defined employee benefit plans	8,058	(1,612)	6,446	45,791	(13,688)	32,103
Total	(102,759)	20,429	(82,330)	213,558	(47,506)	166,052

8.34 Basic earnings per share

The calculations of basic earnings per share for the years ended December 31, 2022 and 2021 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	
	2022	2021	2022	2021
Profit for the years attributable to shareholders of the Bank				
<i>(in million Baht)</i>	<u>2,979</u>	<u>2,652</u>	<u>1,779</u>	<u>1,518</u>
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding <i>(in million shares)</i>	2,254	2,257	2,254	2,257
Effect of ordinary shares and preference shares held by the Bank <i>(in million shares)</i>	-	(2)	-	(2)
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding <i>(in million shares)</i>	<u>2,254</u>	<u>2,255</u>	<u>2,254</u>	<u>2,255</u>
Earnings per share (basic) (Baht)	<u>1.32</u>	<u>1.18</u>	<u>0.79</u>	<u>0.67</u>

8.35 Impact of COVID-19 pandemic

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand. Bank of Thailand (BOT) collaboration with Federation of Accounting Professions (TFAC) issued the series guideline of loan classification and provision for enterprises that support the relief measures to customers who were affected from COVID-19. The guidelines for debt restructuring for customer who get impact from COVID-19 includes BOT circular No. 802/2564 dated September 3, 2021 and Federal of Accountant Professions guideline on accounting treatment No. 37/2564 dated December 22, 2021.

During the year ended December 31, 2022, the Bank and its subsidiaries perform loan classification and provisioning based on the aforementioned guideline, which has details as follows:

1. For debt restructuring that help reduce the debt burden to customers other than term extension.
 - Non-NPL modified loans (Pre-emptive restructures) can be classified as stage 1 (Performing) immediately once they are identified via analysing on customers' 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
2. For debt restructuring that are given only term extension, the classification and provisioning will follow the normal treatment as per BOT notification on debt classification and provisioning.

As at December 31, 2022, the Bank and its subsidiaries provided the relief programs to existing customers approximately 15.42% (The Bank: approximately 16.71%) of portfolio, in various segments for loan payment holiday and approximately 0.16% (The Bank: approximately 0.24 %) of portfolio are under soft loans programs.

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.

During the years ended December 31, 2022 and 2021, 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.

However, as at December 31, 2022, the Bank has not transferred collateral assets for debt repayment which in accordance with Notification of the Bank of Thailand number Sor Nor Sor. 4/2564, dated April 19, 2021, on measures to support the rehabilitation of business operation by transferring of collateral assets for debt repayment.

8.36 Significant agreements

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

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

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.

As at May 17, 2022, the amount requested by the buyers to cancel due to incomplete documents according to the agreed terms is Baht 10.12 million.

8.37 Events after the reporting period

During January 2023 to March 17, 2023, the subsidiary issued 5 short-term debentures, which are registered and unsubordinated, with total face value of Baht 6,660 million offered to institutional investors with the maturity dates 96 - 217 days which interest rate was discount rate or interest rate according to market rate at issue date.

Moreover, short-term debentures with face value of Baht 2,200 million had already been settled on their maturity dates during such period.

8.38 Approval of the financial statements

These financial statements have been approved for issuance by the Board of Directors on March 17, 2023.