

TISCO Bank Public Company Limited
Report and financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of TISCO Bank Public Company Limited

Opinion

I have audited the accompanying financial statements of TISCO Bank Public Company Limited (the Bank), which comprise the statement of financial position as at 31 December 2021, and the related statements of 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Bank Public Company Limited as at 31 December 2021, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards and the Bank of Thailand's regulations.

Basis for Opinion

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

Emphasis of Matter

I draw attention to Note 1.2 and Note 3.6.3 to the financial statements regarding the COVID-19 pandemic which is impacting various businesses and industries. This situation could create uncertainties and may be impacting the operating results and cash flows in the future; and due to the impact of that situation, the Bank has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy as issued by the Federation of Accounting Professions in preparing the financial statements. My opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.



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- 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's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

I am responsible for the audit resulting in this independent auditor's report.

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 10 February 2022

TISCO Bank Public Company Limited

Statement of financial position

As at 31 December 2021

(Unit: Thousand Baht)

	Note	2021	2020
Assets			
Cash		1,099,506	1,215,903
Interbank and money market items - net	3.2, 3.8	29,061,631	36,960,771
Financial assets measured at fair value through profit or loss	3.3	773,736	758,539
Derivatives assets	3.4	-	62,095
Investments - net	3.5, 3.8	6,876,196	9,432,775
Loans to customers and accrued interest receivables	3.6, 3.8		
Loans to customers		212,965,777	240,771,111
Accrued interest receivables and undue interest income		1,483,528	1,669,202
Total loans to customers and accrued interest receivables		214,449,305	242,440,313
Less: Deferred revenue		(15,568,269)	(17,700,160)
Less: Allowance for expected credit loss	3.7	(10,666,196)	(10,938,183)
Loans to customers and accrued interest receivables - net		188,214,840	213,801,970
Properties foreclosed - net	3.9	119,808	28,667
Investment properties	3.10	28,152	28,152
Premises and equipment - net	3.11	717,845	758,055
Right-of-use assets - net	3.12	393,671	466,673
Intangible assets - net	3.13	32,652	90,770
Deferred tax assets	3.30	88,182	260,769
Other assets	3.14	1,208,935	1,055,894
Total assets		228,615,154	264,921,033

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 31 December 2021

(Unit: Thousand Baht)

	Note	2021	2020
Liabilities and equity			
Liabilities			
Deposits	3.15	167,925,319	204,859,398
Interbank and money market items	3.16	7,931,816	5,517,289
Liabilities payable on demand		274,432	1,284,765
Derivatives liabilities	3.4	3,385	-
Debts issued and borrowings	3.17	8,896,919	11,196,919
Lease liabilities	3.18	386,122	447,970
Provisions	3.19	832,785	833,152
Accrued interest payable		469,942	734,307
Income tax payable		371,506	278,006
Dividend payable		1,999,802	1,889,214
Other liabilities	3.20	4,858,341	5,224,507
Total liabilities		193,950,369	232,265,527

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

TISCO Bank Public Company Limited
Statement of financial position (continued)
As at 31 December 2021

(Unit: Thousand Baht)

	Note	2021	2020
Equity			
Share capital			
Registered			
104 preference shares of Baht 10 each	3.21	1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Issued and fully paid-up			
104 preference shares of Baht 10 each	3.21	1	1
921,567,588 ordinary shares of Baht 10 each		9,215,676	9,215,676
		<u>9,215,677</u>	<u>9,215,677</u>
Share premium on ordinary shares		2,543,024	2,543,024
Other components of equity	3.23	302,640	309,469
Retained earnings			
Appropriated - statutory reserve		984,000	984,000
Unappropriated		21,619,444	19,603,336
Total equity		<u>34,664,785</u>	<u>32,655,506</u>
Total liabilities and equity		<u>228,615,154</u>	<u>264,921,033</u>

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


 Mr. Sakchai Peechapat
 (Executive Director)




 Mr. Metha Pingsuthiwong
 (President)

TISCO Bank Public Company Limited**Statement of comprehensive income****For the year ended 31 December 2021**

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2021	2020
Profit or loss:			
Interest income	3.24	13,421,882	15,446,027
Interest expenses	3.25	(2,268,839)	(3,567,218)
Net interest income		11,153,043	11,878,809
Fee and service income		1,689,453	1,862,107
Fee and service expenses		(74,245)	(68,418)
Net fee and service income	3.26	1,615,208	1,793,689
Net gain on financial instruments measured at fair value through profit or loss	3.27	89,524	6,048
Net gain on investments	3.28	6,000	10,533
Penalty fee income from loans		148,867	191,642
Other operating income		118,676	146,222
Total operating income		13,131,318	14,026,943
Operating expenses			
Employee expenses		2,368,036	2,194,254
Premises and equipment expenses		1,181,418	1,184,012
Taxes and duties		231,196	267,936
Intercompany supporting fee expenses	3.32	2,340,855	2,331,676
Other operating expenses		693,368	875,896
Total operating expenses		6,814,873	6,853,774
Expected credit loss	3.29	1,299,851	2,437,190
Profit from operations before income tax expenses		5,016,594	4,735,979
Income tax expenses	3.30	1,014,399	949,668
Profit for the year		4,002,195	3,786,311

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

TISCO Bank Public Company Limited
Statement of comprehensive income (continued)
For the year ended 31 December 2021

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	2021	2020
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gain (loss) on valuation of investments in debt instruments measured at fair value through other comprehensive income		(6,208)	1,720
Income tax effects	3.30	1,242	(344)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(4,966)	1,376
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain (loss)		14,233	(11,539)
Income tax effects	3.30	(2,847)	2,308
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		11,386	(9,231)
Other comprehensive income for the year (loss)		6,420	(7,855)
Total comprehensive income for the year		4,008,615	3,778,456
Earnings per share			
Basic earnings per share (Baht per share)	3.31	4.34	4.11

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

TISCO Bank Public Company Limited**Cash flow statement****For the year ended 31 December 2021**

	(Unit: Thousand Baht)	
	2021	2020
Cash flows from operating activities		
Profit from operations before income tax	5,016,594	4,735,979
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	282,146	345,157
Expected credit loss	2,893,909	4,167,811
Allowance for impairment of properties foreclosed (reversal)	(52)	564
Gain on disposal of investments in securities	(31,159)	(3,082)
Unrealised gain on foreign exchange transactions and trading derivatives	(69,473)	(23,482)
(Gain) loss on financial instruments measured at fair value through profit or loss	(41,518)	380
Gain on disposal of equipment and intangible assets	(3,774)	(3,774)
Loss on write-off of equipment and intangible assets	2,080	992
Gain on disposal of properties foreclosed	(40,722)	(27,153)
Employee benefit expenses	53,057	115,702
(Increase) decrease in accrued income	(17,089)	70,897
Decrease in accrued expenses	(460,372)	(942,199)
Net interest income	(11,153,043)	(11,878,809)
Dividend income	(45,470)	(46,211)
Cash received on interest income	13,514,242	14,777,048
Cash paid on interest expenses	(2,071,033)	(3,284,313)
Cash received on dividend income	45,470	46,211
Cash paid on income tax	(749,451)	(810,941)
Profit from operating activities before changes in operating assets and liabilities	7,124,342	7,240,777

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

TISCO Bank Public Company Limited**Cash flow statement (continued)****For the year ended 31 December 2021**

	(Unit: Thousand Baht)	
	2021	2020
Operating assets (increase) decrease		
Interbank and money market items	7,899,629	7,079,715
Loans to customers	22,494,859	11,577,760
Properties foreclosed	(106,592)	(15,528)
Other assets	(125,331)	202,858
Operating liabilities increase (decrease)		
Deposits	(36,934,079)	(13,573,748)
Interbank and money market items	2,414,527	1,685,364
Liabilities payable on demand	(1,010,333)	977,898
Short-term debts issued and borrowings	(2,320,000)	2,320,000
Provision for long-term employee benefits	(26,281)	(18,636)
Other liabilities	(55,657)	(211,134)
Net cash flows from (used in) operating activities	(644,916)	17,265,326
Cash flows from investing activities		
Cash paid for purchase of investments in securities	(11,933,310)	(27,621,162)
Cash received from disposal of investments in securities	14,512,419	25,605,465
Cash paid for purchase of equipment	(19,733)	(33,476)
Cash paid for purchase of intangible assets	(4,775)	(3,517)
Cash received from disposal of equipment	4,256	3,919
Net cash flows from (used in) investing activities	2,558,857	(2,048,771)
Cash flows from financing activities		
Cash received from issuance of long-term debentures	700,000	4,160,000
Cash paid for redemption of long-term debentures	(680,000)	(14,000,000)
Cash paid on lease liabilities	(161,124)	(182,061)
Dividend paid	(1,889,214)	(5,077,838)
Net cash flows used in financing activities	(2,030,338)	(15,099,899)
Net increase (decrease) in cash	(116,397)	116,656
Cash at beginning of the year	1,215,903	1,099,247
Cash at end of the year	1,099,506	1,215,903
	-	
Supplement cash flows information		
Non-cash transactions		
Right-of-use assets	87,958	67,898
Transfer-in of properties foreclosed in settlement of loans to customers	2,060,728	1,563,755

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

TISCO Bank Public Company Limited

Statement of changes in equity

For the year ended 31 December 2021

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		
	Preference shares	Ordinary shares		Surplus on changes in value of investments		Total	Appropriated	Unappropriated	Total
				measured at fair value through other comprehensive income	Surplus on revaluation of assets				
Balance as at 1 January 2020	1	9,215,676	2,543,024	3,694	306,261	309,955	984,000	18,690,004	31,742,660
Dividend paid (Note 4)	-	-	-	-	-	-	-	(2,866,076)	(2,866,076)
Profit for the year	-	-	-	-	-	-	-	3,786,311	3,786,311
Other comprehensive income for the year (loss)	-	-	-	1,376	-	1,376	-	(9,231)	(7,855)
Total comprehensive income for the year	-	-	-	1,376	-	1,376	-	3,777,080	3,778,456
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(1,862)	(1,862)	-	2,328	466
Balance as at 31 December 2020	1	9,215,676	2,543,024	5,070	304,399	309,469	984,000	19,603,336	32,655,506
Balance as at 1 January 2021	1	9,215,676	2,543,024	5,070	304,399	309,469	984,000	19,603,336	32,655,506
Dividend paid (Note 4)	-	-	-	-	-	-	-	(1,999,802)	(1,999,802)
Profit for the year	-	-	-	-	-	-	-	4,002,195	4,002,195
Other comprehensive income for the year (loss)	-	-	-	(4,966)	-	(4,966)	-	11,386	6,420
Total comprehensive income for the year (loss)	-	-	-	(4,966)	-	(4,966)	-	4,013,581	4,008,615
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(1,863)	(1,863)	-	2,329	466
Balance as at 31 December 2021	1	9,215,676	2,543,024	104	302,536	302,640	984,000	21,619,444	34,664,785

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

TISCO Bank Public Company Limited

Notes to financial statements

For the year ended 31 December 2021

1. Basis for preparation and presentation of financial statements and significant accounting policies

1.1 Basis for preparation and presentation of financial statements

The financial statements for the year ended 31 December 2021 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547, and with reference to the regulations stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification No. Sor Nor Sor. 21/2561 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 31 October 2018.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

1.2 Coronavirus disease 2019 pandemic

The Coronavirus disease 2019 pandemic is impacting various businesses and industries both directly and indirectly. This situation could create uncertainties and may be impacting the operating results and cash flows in the future. However, the Bank’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

1.3 New financial reporting standards

1.3.1 Financial reporting standards that became effective in the current year

During the year 2021, the Bank has adopted the revised financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Bank’s financial statements.

1.3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Bank believes that the adoption of these amendments will not have any significant impact on the Bank's financial statements.

1.3.3 Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective for fiscal year beginning on or after 1 January 2022

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors specified in the circular of the BOT No. BOT.RPD2.C. 802/2564 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)" or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses.

The accounting guidance is effective for entities that provide assistance to debtors impacted by COVID-19 during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes with which the entities are to comply. The guidance applies to the staging assessment and setting aside of provisions for qualified debtors, and covers all types of debtors, namely large debtors, small and medium-sized debtors and retail debtors.

- a) In cases of debt restructuring for the purpose of reducing the debt burden of debtors that involve more than just extending the payment timeline, the applicable procedures are as follows:
- Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
 - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
 - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.
 - Loans are classified as loans with significant increase in credit risk (Under-performing or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due.
 - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
- b) In cases of the debt restructuring involving only a timeline extension, e.g. an extension of payment period, a provision of grace period on principal and/or interest payments, a conversion of short-term debts into long-term debts, the applicable procedures are as follows:
- The staging assessment and setting aside of provisions are performed in accordance with the relevant financial reporting standards.
 - The guidelines specified in the appendix of the circular of the BOT No. BOT.RPD2.C. 802/2564 relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is to move to under-performing stage or Stage 2.
- c) Expected credit loss is determined based on the outstanding balance of the drawn down portion only.

- d) For retail debtors and SME debtors who are in the process of debt restructuring and unable to complete the process by 31 December 2021 in accordance with guidelines specified in the circular of the BOT No. BOT.RPD2.C. 594/2564 “Guidelines regarding debt restructuring to assist debtors affected by COVID-19”, classification of the debtors remains at the same stage as before restructuring until 31 March 2022 or until the BOT makes changes with which the entities are to comply.

For debtors whose debt is restructured between 1 January 2021 and 31 December 2021, in accordance with the above clauses no. a) and b), the guidelines on staging assessment and provisioning under this accounting guidance apply from 1 January 2022 to 31 December 2023. However, for the year 2021 entities can still apply the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy, according to the notification of the Federation of Accounting Professions No. 17/2563 dated 16 April 2020.

The management of the Bank believes that this accounting guidance will not have any significant impact on the Bank’s financial statements when it is adopted.

1.4 Impacts of an expiration of Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

During the year 2020, the Bank elected to apply the temporary relief measures on accounting alternatives relating to the measurement of fair value of investments in non-marketable equity instruments as at 31 December 2020 using the fair value as at 1 January 2020. However, as the temporary relief measures on accounting alternatives are no longer applicable for the period after 31 December 2020, the Bank recognised fair value of investments in non-marketable equity instruments as at 1 January 2021 totalling Baht 20 million as part of operating income in the statement of comprehensive income for the year ended 31 December 2021.

1.5 Significant accounting policies

1.5.1 Revenue and expenses recognition

- a) Interest income and discounts on loans

The Bank recognises interest on loans on an accrual basis, using the effective interest rate method, applied to the outstanding principal amount. The effective interest rate is the discount rate that estimates future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate.

For hire purchase receivables, fee income, commissions and direct expenses incurred at the initiation of hire purchase are recognised over time using the effective interest rate method, and are presented as deductions from interest income on hire purchase over the contract term in order to reflect the effective rate of return of the contract.

Deferred revenue on hire purchase is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

For loans to customers that are later credit-impaired, the Bank recognises interest income using the effective interest rate method applied to the net carrying value of the loan (the loan amount net of allowance for expected credit loss). Subsequently, if the financial asset is no longer credit-impaired, the Bank reverts to calculating interest income on a gross carrying amount.

b) Gain (loss) on financial instruments measured at fair value through profit or loss

Gain (loss) on financial instruments measured at fair value through profit or loss consists of gain (loss) on trading and foreign exchange transactions, gain (loss) on changes in fair value of derivatives and financial assets measured at fair value through profit or loss, and gain (loss) on sales of financial assets measured at fair value through profit or loss and derivatives, which the Bank recognises as income or expenses on the transaction date.

c) Interest and dividend on investments in securities

Interest on investments is recognised as income on an accrual basis. Dividend on investments is recognised as income when the right to receive the dividend is established.

d) Fee and service income

Fee and service income is recognised as income on an accrual basis except fee income that is an integral part of the effective interest rate.

e) Interest expenses

Interest expenses are recognised on an accrual basis using the effective interest rate method.

f) Fee and service expenses and other operating expenses

Fee and service expenses and other operating expenses are recognised on an accrual basis.

1.5.2 Securities purchased under resale agreements according to private repurchase transactions

The Bank has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of “Interbank and money market items - net” in the statement of financial position, and the securities purchased are used as collateral.

Under securities purchased under resale agreements according to private repurchase transactions, the Bank obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

1.5.3 Financial assets

Financial assets - Debt instruments

The Bank classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Bank’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets, based on the facts and circumstances as of the date these financial reporting standards were initially adopted or the acquisition date. Classifications are as follows:

a) Financial assets measured at fair value through profit or loss

Investments in debt instruments held within a business model whose objective is not to hold financial assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss on changes in fair value is recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

b) Financial assets measured at fair value through other comprehensive income

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at fair value through other comprehensive income. These financial assets are initially recognised at fair value.

After initial recognition, unrealised gain or loss on changes in fair value is presented as a separate item in other comprehensive income until disposal. Gain or loss on disposal of the instruments are recognised in profit or loss. Expected credit loss and interest income calculated using the effective interest rate method are recognised in profit or loss.

At the end of reporting period, investments in debt instruments measured at fair value through other comprehensive income are presented in the statement of financial position at fair value.

c) Financial assets measured at amortised cost

Investments in debt instruments whose both of the following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The Bank recognises these as financial assets measured at amortised cost. These financial assets are initially recognised at fair value.

At the end of reporting period, investments in debt instruments measured at amortised cost are presented in the statement of financial position net of allowance for expected credit loss (if any).

Financial assets - Equity instruments

All investments in equity instruments are measured at fair value in the statement of financial position. The Bank classifies investments in equity instruments as financial assets measured at fair value through profit or loss.

After initial recognition, unrealised gain or loss on subsequent changes in fair value of investments is recognised in profit or loss. Dividends on these investments are recognised in profit or loss.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss are presented in the statement of financial position at fair value.

Recognition

Purchases and sales of investments are recognised on the settlement date. The weighted average method is used for computation of investment cost.

Changes in classification of investments in debt instruments

When there are changes in the Bank's business model for management of financial assets, the Bank has to reclassify investments in debt instruments and adjust the value of these investments to their fair value on the reclassification date. Differences between the book value and fair value of investments on the reclassification date are recorded in profit or loss or other comprehensive income, depending on the classification of the investments.

1.5.4 Classification and measurement of financial liabilities

The Bank classifies and measures its financial liabilities at amortised cost, except for derivatives liabilities which are measured at fair value through profit or loss.

1.5.5 Investments in receivables purchased or transferred in

The Bank classifies investments in receivables purchased or transferred in as financial assets measured at amortised cost which are initially recognised at acquisition cost. At the end of reporting period, these investments in receivables are presented in the statement of financial position at amortised cost net of allowance for expected credit loss (if any).

1.5.6 Loans to customers

Loans to customers are stated at the principal balance, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are presented as deductions from loans to customers.

Hire purchase receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

1.5.7 Allowance for expected credit loss on financial assets

The Bank applies the General Approach to calculate expected credit loss on its financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans to customers and accrued interest receivables, and committed credit lines.

The Bank classifies financial assets into three groups (Three-stage approach) in order to measure the allowance for expected credit loss, with the classification of the financial assets determined on the basis of the change in credit quality since the initial transaction date, as follows:

Group 1: Financial assets with no significant increase in credit risk (Performing)

For financial assets with no significant increase in credit risk since the initial recognition date, the Bank recognises allowance for expected credit loss at an amount equal to 12-month expected credit loss. For financial assets with maturity of less than 12 months, the Bank uses a probability of default that corresponds to remaining terms of the contract.

Group 2: Financial assets with significant increase in credit risk (Under-performing)

For financial assets with significant increase in credit risk since the initial recognition date but that are not credit-impaired, the Bank recognises the expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

Group 3: Financial assets that are credit-impaired (Non-performing)

Financial assets are assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset occur. The Bank recognises the expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial assets.

At the end of each reporting period, the Bank assesses whether the credit risk of financial assets has increased significantly since the initial recognition date, by comparing the risk of expected default on the financial assets as at reporting date with the risk of default as at the initial recognition date. The Bank uses internal quantitative and qualitative bases and forward-looking information as a basis for assessing a decrease in credit quality, such as debtors overdue for more than 30 days or credit rating. Evaluations of whether credit risk has increased significantly since the initial recognition date may be conducted individually or collectively for groups of financial assets.

Loans to customers are considered to be credit-impaired when one or more events occur affecting the estimated future contractual cash flows of the counterparties. Evidence that financial assets are credit-impaired includes being overdue for more than 90 days or indications that debtors are facing significant financial difficulties, breaches of contract, the legal status, renegotiation of terms of repayment or debt restructuring.

In subsequent periods, if the credit quality of financial assets improves and it is assessed that there is no longer significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Bank will change from recognising expected credit loss over the expected lifetime to recognising the 12-month expected credit loss.

When the terms of repayment of a loan to customer are renegotiated or the terms of the contractual cash flow are modified because the debtors are in financial difficulty, the loan is considered to be a financial asset with a significant increase in credit risk or credit-impaired, unless there is evidence that the risk of that contractual cash flows will not be recoverable has decreased significantly and there are no other indicators of impairment.

Expected credit loss is the probability-weighted estimate of expected credit loss over the lifetime of a financial instrument, taking into account the present value of all cash flows that are expected not to be recoverable. This is determined with reference to historical loss experience data grouped by asset on the basis of shared credit risk characteristics, taking into account type of loan, type of collateral, months on books, and other relevant factors, adjusted for current observable data, as well as forward-looking information that is supportable and reasonable, provided it can be shown to be statistically related. It also involves the appropriate exercise of judgement to estimate the amount of expected credit loss, using current macroeconomic data. The Bank determines both current and future economic scenarios, and probability-weights each scenario (base scenario, upturn scenario, downturn scenario and stress scenario) for the purpose of calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant macroeconomic changes affect expected credit loss. However, the Bank has established a process to review and monitor the methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis. In addition, expected credit loss also includes a management overlay.

For financial assets that are credit-impaired upon initial acquisition (investments in receivables purchased or transferred in), the Bank measures allowance for expected credit loss at an amount equal to the outstanding receivable balance because it does not expect to receive cash flows from these receivables.

The measurement of expected credit loss on loan commitments is the present value difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive. The measurement of expected credit loss for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The increase (decrease) in an allowance for expected credit loss is recognised as an expense in profit or loss in the statement of comprehensive income. The Bank has a policy to write off receivables when they are identified as bad debts.

The Bank considers using the Simplified Approach to determine allowance for expected credit loss over a lifetime for accrued fee and service income and other receivables.

In addition, the Bank has adopted the accounting guidance in determining the staging and the provisioning of loans to customers for debtors meeting the criteria for relief measures in accordance with the BOT's circulars, as described in Note 1.5.23 to the financial statements.

1.5.8 Financial assets with modifications of terms/Debt restructuring

When a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because the debtor is having financial difficulties, the Bank assesses whether to derecognise the financial asset and measures the expected credit loss, as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Bank calculates the gross book value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises a gain or loss on modification of terms in profit or loss.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset as at the date of derecognition. The difference between the book value and the fair value of the financial asset is recognised in profit or loss.

If the debt restructuring does not meet the criteria for derecognition as of the restructuring date, the debtor continues to be classified as a financial asset with a significant increase in credit risk (Stage 2) until the debtor has been able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period; or continues to be classified as a financial asset that is credit-impaired (Stage 3) until the debtor has been able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period, before being able to be reclassified as a financial asset with a significant increase in credit risk (Stage 2), and if the debtor is able to make payment for additional 9 consecutive months or installments, it can be reclassified as a financial asset with no significant increase in credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

However, for debtors which the Bank provides assistance to in accordance with measures as specified in the circulars of the BOT, the Bank does not consider whether modification of terms results in derecognition, but if the existing effective interest rate does not reflect the estimated cash flows that are expected to be recoverable, it will apply a newly calculated effective interest rate to determine the present value of the restructured loans and to recognise interest income. The Bank is allowed to recognise interest income on the basis of this new effective interest rate during the grace period, as described in Note 1.5.23 to the financial statements.

1.5.9 Properties foreclosed

Properties foreclosed represents assets transferred in respect of receivables on which the debtors have defaulted or restructured receivables.

At the end of reporting period, the value of properties foreclosed is stated at the lower of cost or net realisable value. Net realisable value is determined at the market value or the appraisal value less estimated selling expenses. In addition, the Bank is required to record additional allowance for impairment of properties foreclosed in accordance with the notifications of the BOT.

The Bank recognises loss on impairment in profit or loss. Gain or loss from disposal of properties foreclosed is recognised in profit or loss in the statement of comprehensive income upon disposal.

1.5.10 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gain or loss arising from changes in the fair value is recognised in profit or loss when incurred.

The difference between the net disposal proceed and the carrying amount of the asset is recognised in profit or loss in the year in which the asset is derecognised.

1.5.11 Premises and equipment/Depreciation

Land is stated at cost. Buildings, office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser, and then recorded at fair value. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Bank's assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of the revaluation of the Bank's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of buildings, office condominiums and equipment is calculated by reference to their cost or revalued amount on the straight-line basis (except for the depreciation of communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings	-	20 years
Office condominiums	-	43 - 50 years
Office improvements	-	5, 20 years
Furniture, fixtures and equipment	-	5 years
Motor vehicles	-	6 years

Depreciation attributed to the original cost portion and the revaluation portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of land, buildings and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised. Remaining surplus on revaluation of assets as at the date of derecognition is directly transferred to retained earnings.

1.5.12 Leases

At inception of contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. At the commencement date of the lease, the Bank recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of the estimated useful lives and the lease term, as follows:

Buildings	-	1 - 15 years
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Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and payments of penalties for terminating the lease if the lease term reflects the Bank exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.

The Bank discounts the present value of the lease payments by the Bank's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments, or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term of less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

1.5.13 Intangible assets

The Bank initially recognises intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss (if any).

The Bank amortises intangible assets with finite lives on a straight-line basis over the economic useful life and tests for impairment whenever there is an indication that the intangible assets may be impaired. The Bank reviews the amortisation period and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Bank amortises over the following estimated useful lives:

The license agreements with specified number of years of usage	- according to the period of license agreement
The license agreements with no specified number of years of usage	- 5 years
No license agreements	- 5 years

1.5.14 Income tax

Income tax represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. They will be realised as tax income or tax expenses when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Bank recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which such deductible deferred tax assets can be utilised. The Bank recognises deferred tax liabilities for all taxable temporary differences.

The Bank records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At the end of each reporting period, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.5.15 Impairment of non-financial assets

At the end of each reporting period, the Bank assesses whether there is an indication that a non-financial asset may be impaired. If any indication exists, an impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. Fair value less costs to sell reflects the amount that the Bank could obtain from the disposal of the asset on the statement of financial position in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In determining 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.

An impairment loss is recognised in profit or loss. However, in cases where assets were previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment, if there is any indication that a previously recognised impairment loss may no longer exist or may have decreased, the Bank estimates the asset's recoverable amount. The previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised immediately in profit or loss in the statement of comprehensive income.

1.5.16 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Bank has transferred substantially all risks and rewards of ownership. If the Bank neither transfers nor retains substantially all risks and rewards of ownership of such financial assets, and retains control of such financial assets, the Bank continues to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished e.g. when the obligation specified in the contract is discharged, cancelled or expired.

1.5.17 Foreign currencies

The financial statements are presented in Baht, which is also the Bank's functional currency.

Transactions in foreign currencies are translated into Baht at exchange rates ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the reference rates announced by the BOT at the end of each reporting period.

Gain or loss on exchange is included in determining income.

1.5.18 Employee benefits

a) Short-term employee benefits

The Bank records salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Apart from the annual bonus portion of bonus expenses which is remuneration for employees' annual performance that is paid in cash, the Bank also has another portion of bonus expenses which is paid in cash with reference to the parent company's share price. The Bank records this portion of expenses and related accrued bonus over the service period of those employees, counting from the grant date. It is recorded based on the average daily share price from the grant date to the end of reporting period, and any increase or decrease in the expenses according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

b) Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Bank and its employees have jointly established a provident fund. The fund is monthly contributed by the employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Bank has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Bank treats these severance payment obligations as a defined benefit plan. In addition, the Bank provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Bank based on actuarial techniques.

Actuarial gain or loss arising from post-employment benefits is recognised immediately in other comprehensive income.

Actuarial gain or loss arising from other long-term benefits is recognised immediately in profit or loss.

1.5.19 Provisions

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

1.5.20 Derivatives

Derivatives are initially recognised at fair value on the trade date and are classified as trading. Derivatives are subsequently remeasured at fair value. Subsequent changes are recognised as net profit (loss) from financial instruments measured at fair value through profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.

1.5.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Bank measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

1.5.22 Financial instruments

a) Financial risk management

The financial risks associated with these financial instruments and how they are managed is described in Note 3.36 to the financial statements.

b) Fair value of financial instruments

In determining the fair value of financial instruments, the estimated fair value will be adjusted by allowance for expected credit loss with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration of greater than one year, fair value is determined based on the quoted market prices, where available, or otherwise based on present value of contractual cash flows, discounted using the rate used for financial instruments with similar features.

The methods used by the Bank in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), fee and service receivables, other receivables, deposits, interbank and money market items (liabilities) and liabilities payable on demand, the carrying amounts in the statement of financial position approximate their fair value.
- For investments in marketable equity securities, their fair value is stated based on the latest bid price at the end of last working day of the year as quoted by the Stock Exchange of Thailand, or based on discounted future cash flows and/or book value of the investees for investments in non-marketable equity securities.
- Government and state enterprise securities and private debt securities are stated at fair value which is determined using yield rates quoted by the Thai Bond Market Association.
- Unit trusts are stated at fair value based on their net asset value at the end of reporting period.
- Loans to customers and accrued interest receivables, except for hire purchase receivables and other retail loans, are presented at fair value which is estimated from balance of loans to customers and accrued interest receivables as stated in the financial statements less allowance for expected credit loss, since most loans to customers carry interest at floating rates. Fair value of hire purchase receivables and other retail loans is calculated from the present value of future cash inflows, discounted by the current interest rate for new loans less allowance for expected credit loss.

- The fair value of debts issued and borrowings is estimated by discounting expected future cash outflows by the current market interest rates of the borrowings with similar terms and conditions.
- For derivatives, their fair value is determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Bank has considered the counterparty's credit risk when determining the fair value of derivatives.

1.5.23 Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy

During the year 2020, The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. The Accounting Guidance is effective for entities providing assistance to debtors impacted by the aforementioned situations during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The guidance applies to large-sized debtors, small and medium-sized debtors, and retail debtors who have the ability to run a business or to repay debts in the future and have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

The Bank has entered into the scheme to provide assistance to affected debtors in accordance with the BOT's guideline. For the debtors who meet the conditions under the temporary relief measures, the Accounting Guidance can be applied as follows:

- (1) For the provision of assistance to loans that are not yet non-performing (Non-NPL), the Bank classifies them as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring.
- (2) For the provision of assistance to non-performing loans (NPL), the Bank classifies them as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- (3) Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- (4) The guidelines of the BOT relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- (5) Expected credit loss is determined based on the outstanding balance of the drawn down portion only.
- (6) If the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan, the Bank applies a newly calculated effective interest rate to determine the present value of loans that have been restructured and recognises interest income on the basis of this new effective interest rate during the grace period, or in accordance with the BOT's new guidelines if there are changes.
- (7) In determining expected credit loss, consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience.

In addition, the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 “Measures to provide additional assistance to small-sized debtors during the COVID-19 situation - Phase 2” dated 19 June 2020, and the circular of the BOT No. BOT.DRU.C. 480/2564 “Measures to provide assistance to small-sized debtors during the Coronavirus 2019 (COVID-19) situation - Phase 3” dated 14 May 2021, in order to provide additional assistance to debtors.

Because the Bank has participated in the schemes to provide assistance to affected debtors, it has also adopted the related accounting guidance.

1.5.24 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition or derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets and liabilities, the management is required to make judgement on whether significant risks and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for expected credit loss on financial assets

The management is required to use judgement in estimating the allowance for expected credit loss on financial assets. The estimation relies on a complex model, a dataset of assumptions, model development and assessments related to the increase in credit risk, as well as the selection of forward-looking information, which involves a large number of variables. Therefore, actual results could differ from these estimates.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of both the Bank and the counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Investment properties

The Bank presents investment properties at the fair value estimated by an internal appraiser of the Bank, and recognises changes in the fair value in profit or loss. The appraiser valued the investment properties using the market approach. The key assumptions used in estimating the fair value are described in Note 3.10 to the financial statements.

Premises and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful life and residual value of the buildings and equipment and to review estimated useful life and residual value when there are any changes.

The Bank measures office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the market approach. The valuation involves certain assumptions and estimates as described in Note 3.11 to the financial statements.

In addition, the management is required to review land, buildings and equipment for impairment on a periodical basis and record impairment loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Leases

In determining the lease terms, the management is required to use judgement to assess whether the Bank is reasonably certain to exercise options to extend the terms of leases or to cancel the leases, taking into account all relevant facts and circumstances that create economic incentives for the Bank to exercise or not to exercise such options.

In addition, the management is required to exercise judgement in estimating the incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, and staff turnover rate.

Litigation

The Bank has contingent liabilities as a result of litigation. The Bank's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of the reporting period.

2. General information

2.1 The Bank's information

TISCO Bank Public Company Limited ("the Bank") is a public company incorporated and domiciled in Thailand. Its parent company is TISCO Financial Group Public Company Limited, which was incorporated in Thailand. The Bank has been licensed by the Ministry of Finance to operate a commercial banking business. Its registered address is 48/2 TISCO Tower, 1st Floor, North Sathorn Road, Silom, Bangrak, Bangkok. As at 31 December 2021, the Bank has 55 branches in Thailand (31 December 2020: 58 branches).

2.2 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

2.3 Directors' remuneration

Directors' remuneration represents the benefits paid to the Bank's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions.

2.4 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Bank, whether directly or indirectly, or which are under common control with the Bank. They also include individuals or enterprises which directly or indirectly own a voting interest in the Bank that gives them significant influence over the Bank, key management personnel, directors and officers with authority in the planning and direction of the Bank's operations.

The Bank has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Bank and those related parties, which are in reference to the terms and prices as charged to other customers.

3. Supplemental information

3.1 Classification of financial assets and financial liabilities

The Bank has classified the of significant financial assets and financial liabilities as follows:

(Unit: Thousand Baht)

	As at 31 December 2021			Total
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through comprehensive income	Financial instruments measured at amortised cost	
<u>Financial assets</u>				
Cash	-	-	1,099,506	1,099,506
Interbank and money market items	-	-	29,061,631	29,061,631
Financial assets measured at fair value				
through profit or loss	773,736	-	-	773,736
Investments	-	6,876,196	-	6,876,196
Loans to customers and accrued interest				
receivables	-	-	188,214,840	188,214,840
Other assets - fee and service receivables	-	-	133,523	133,523
Other assets - other receivables	-	-	456,091	456,091
<u>Financial liabilities</u>				
Deposits	-	-	167,925,319	167,925,319
Interbank and money market items	-	-	7,931,816	7,931,816
Liabilities payable on demand	-	-	274,432	274,432
Derivatives liabilities	3,385	-	-	3,385
Debts issued and borrowings	-	-	8,896,919	8,896,919
Lease liabilities	-	-	386,122	386,122
Accrued interest payable	-	-	469,942	469,942

(Unit: Thousand Baht)

	As at 31 December 2020			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	1,215,903	1,215,903
Interbank and money market items	-	-	36,960,771	36,960,771
Financial assets measured at fair value				
through profit or loss	758,539	-	-	758,539
Derivatives assets	62,095	-	-	62,095
Investments	-	9,432,775	-	9,432,775
Loans to customers and accrued interest receivables	-	-	213,801,970	213,801,970
Other assets - fee and service receivables	-	-	116,434	116,434
Other assets - other receivables	-	-	309,957	309,957
<u>Financial liabilities</u>				
Deposits	-	-	204,859,398	204,859,398
Interbank and money market items	-	-	5,517,289	5,517,289
Liabilities payable on demand	-	-	1,284,765	1,284,765
Debts issued and borrowings	-	-	11,196,919	11,196,919
Lease liabilities	-	-	447,970	447,970
Accrued interest payable	-	-	734,307	734,307

3.2 Interbank and money market items (assets)

(Unit: Thousand Baht)

	As at 31 December					
	2021			2020		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,701,363	-	1,701,363	2,813,922	-	2,813,922
Commercial banks	158,503	11,200,000	11,358,503	645,556	18,800,000	19,445,556
Specialised Financial Institutions	348	16,000,000	16,000,348	365	14,700,000	14,700,365
Total	1,860,214	27,200,000	29,060,214	3,459,843	33,500,000	36,959,843
Add: Accrued interest receivables	13	1,631	1,644	5	1,808	1,813
Less: Allowance for expected credit loss	(227)	-	(227)	(885)	-	(885)
Total domestic	1,860,000	27,201,631	29,061,631	3,458,963	33,501,808	36,960,771

As at 31 December 2021 and 2020, all outstanding interbank and money market items are in Baht.

The Bank entered into securities purchases under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Thousand Baht)

Securities purchased under resale agreements
according to private repurchase transactions
as at 31 December

	2021	2020
Commercial banks	11,200,000	18,800,000
Specialised Financial Institutions	16,000,000	14,700,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

Fair value of securities received as collateral
as at 31 December

	2021	2020
Commercial banks	11,332,000	18,471,500
Specialised Financial Institutions	16,162,500	14,747,200

3.3 Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

As at 31 December

Investments	2021		2020	
	Cost	Fair value	Cost	Fair value
Others				
Domestic marketable equity instruments	9,320	6,440	9,320	2,620
Domestic non-marketable equity instruments	220,274	767,296	246,596	755,919
	229,594	773,736	255,916	758,539
Add: Allowance for changes in value	544,142		502,623	
Total	773,736		758,539	

Investments in non-marketable equity instruments include investments in which the Bank holds not less than 10 percent of the equity of the investees, as follows:

(Unit: Thousand Baht)

Securities' name	As at 31 December					
	2021			2020		
	Fair value of investments	Unpaid amount	Percentage of holding (%)	Fair value of investments	Unpaid amount	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	1,297	300	10	1,825	300	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	4,240	-	10	6,025	-	10
PDTL Trading Co., Ltd.	3,743	-	10	3,637	-	10
Wattana Inter-Trade Co., Ltd.	21,008	-	10	19,158	-	10
Real estate:						
UMI Property Co., Ltd.	3,907	-	10	4,031	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	9,536	-	10	11,268	-	10

3.4 Derivatives assets/derivatives liabilities

The Bank entered into foreign exchange contracts to manage the risk associated with financial assets, as follows:

(Unit: Thousand Baht)

Type of risks	As at 31 December					
	2021			2020		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	3,385	1,512,926	62,095	-	1,189,528
Total	-	3,385	1,512,926	62,095	-	1,189,528

All counterparties of these derivatives transactions are financial institutions.

3.5 Investments

3.5.1 Investments classified by type of investments

As at 31 December 2021 and 2020, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	As at 31 December			
	2021		2020	
	Amortised cost	Fair value	Amortised cost	Fair value
Investments in debt instruments				
measured at fair value through				
other comprehensive income				
Government and state enterprise securities	6,852,066	6,851,826	9,401,437	9,407,960
Private sector debt securities	51,460	24,370	51,460	24,815
	<u>6,903,526</u>	<u>6,876,196</u>	<u>9,452,897</u>	<u>9,432,775</u>
Less: Allowance for changes in value	(27,330)		(20,122)	
Total	<u>6,876,196</u>		<u>9,432,775</u>	
Allowance for expected credit loss	27,460		26,460	
Investments in debt instruments				
measured at amortised cost				
Investments in receivables	11,958		12,047	
Less: Allowance for expected credit loss	(11,958)		(12,047)	
Total	<u>-</u>		<u>-</u>	
Total investments	<u>6,876,196</u>		<u>9,432,775</u>	

3.5.2 Investments subject to restrictions

(Unit: Million Baht)

Type of investments	As at 31 December		Type of restrictions
	2021	2020	
Government debt securities	2	2	Pledged for electricity usage

3.5.3 Investments in companies with weak financial positions and poor operating results

As at 31 December 2021 and 2020, investments in securities of the Bank include investments in securities issued by companies with weak financial positions and poor operating results as follows:

(Unit: Thousand Baht)

	As at 31 December					
	2021			2020		
	Cost	Fair value	Allowance for expected credit loss	Cost	Fair value	Allowance for expected credit loss
Companies having problems with debt repayment or in default	51,460	24,370	27,460	51,460	24,815	26,460

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Loans to customers		
Overdrafts	25,102	31,721
Loans	88,511,952	99,456,783
Hire purchase receivables	124,428,723	141,282,607
Less: Deferred revenue	(15,568,269)	(17,700,160)
Total loans to customers	197,397,508	223,070,951
Add: Accrued interest receivables and undue interest receivables	1,483,528	1,669,202
Total loans to customers and accrued interest receivables	198,881,036	224,740,153
Less: Allowance for expected credit loss	(10,666,196)	(10,938,183)
Loans to customers and accrued interest receivables - net	188,214,840	213,801,970

3.6.2 Classified by residency of debtors

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Loans to customers net of deferred revenue		
- Domestic	187,946,934	214,315,863
- Foreign	9,450,574	8,755,088
Total	197,397,508	223,070,951

3.6.3 Classified by loan classification

(Unit: Thousand Baht)

	As at 31 December			
	2021		2020	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	172,789,920	6,357,689	190,435,185	5,172,224
Financial assets with significant increase in credit risk (Under-performing)	21,555,713	3,002,574	29,139,124	3,422,247
Financial assets that are credit-impaired (Non-performing)	4,535,403	1,305,933	5,165,844	1,287,313
Allowance established in excess	-	-	-	1,056,399
Total	198,881,036	10,666,196	224,740,153	10,938,183

During the years 2020 and 2021, the Bank entered into the scheme to provide assistance to affected debtors and elected to apply Accounting Guidance by the Federation of Accounting Professions on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Some of the assisted debtors have made full payments/transferred assets to settle debts and closed the accounts, while others continue to make payments in accordance with the agreements. As at 31 December 2021, the Bank's outstanding loan balance under the relief measures totalled Baht 16,007 million. The balance consists of the debtors under principal holiday scheme (still subject to interest payments) or installment reduction (subject to partial payments of principal and interest), the debtors under debt moratorium scheme, and the debtors receiving other forms of debt relief.

In addition, the Bank has allowance established in excess resulting from the calculation of the allowance for expected credit loss as of 1 January 2020, in accordance with TFRS 9: Financial Instruments, which was lower than the amount of allowance for doubtful accounts as at 31 December 2019 as determined in accordance with the former accounting policy by Baht 2,113 million. Such amount has been released in quarterly amounts over 2 years under the straight-line method, in line with the BOT's guideline, resulting in no remaining balance of allowance established in excess as at 31 December 2021.

3.6.4 Classified by loan classification and type of debtors

As at 31 December 2021 and 2020, loans to customers classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

	As at 31 December 2021							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	93,381	3,181	21,340	918	58,069	2,259	172,790	6,358
Financial assets with significant increase in credit risk (Under-performing)	14,085	1,642	4,481	543	2,990	817	21,556	3,002
Financial assets that are credit-impaired (Non-performing)	2,217	634	885	301	1,433	371	4,535	1,306
Total	109,683	5,457	26,706	1,762	62,492	3,447	198,881	10,666

(Unit: Million Baht)

	As at 31 December 2020							
	Hire purchase receivables		Loan against auto license receivables		Other loans		Total	
	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss	Loans to customers and accrued interest receivables	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	102,361	2,325	22,199	827	65,875	2,020	190,435	5,172
Financial assets with significant increase in credit risk (Under-performing)	19,418	1,543	5,804	796	3,917	1,083	29,139	3,422
Financial assets that are credit-impaired (Non-performing)	2,741	602	1,053	371	1,372	315	5,166	1,288
Total	124,520	4,470	29,056	1,994	71,164	3,418	224,740	9,882
Allowance established in excess								1,056
Total								10,938

3.6.5 Hire purchase receivables

As at 31 December 2021, receivables of the Bank under hire purchase agreements amount to Baht 109,683 million (31 December 2020: Baht 124,520 million) and mostly comprise hire purchase agreements for cars. The terms of the agreements are generally between 1 to 8 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

As at 31 December 2021					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit-impaired	Total
Gross investment in the agreements	37,631	75,222	5,250	6,326	124,429
Less: Deferred revenue ⁽¹⁾	(4,521)	(6,493)	(195)	(4,187)	(15,396)
Present value of minimum lease payment from agreements	33,110	68,729	5,055	2,139	109,033
Accrued interest receivables	572	-	-	78	650
Total	33,682	68,729	5,055	2,217	109,683
Allowance for expected credit loss					(5,457)
Net hire purchase receivables					104,226

(1) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

(Unit: Million Baht)

As at 31 December 2020					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Financial assets that are credit-impaired	Total
Gross investment in the agreements	41,536	85,772	7,394	6,580	141,282
Less: Deferred revenue ⁽¹⁾	(5,279)	(7,990)	(326)	(3,932)	(17,527)
Present value of minimum lease payment from agreements	36,257	77,782	7,068	2,648	123,755
Accrued interest receivables	672	-	-	93	765
Total	36,929	77,782	7,068	2,741	124,520
Allowance for expected credit loss					(4,470)
Net hire purchase receivables					120,050

(1) Net of deferred commissions and direct expenses incurred at the initiation of hire purchase.

3.6.6 Troubled debt restructuring

As at 31 December 2021 and 2020, the Bank has outstanding balances with troubled debt restructuring debtors as follows:

	As at 31 December			
	2021		2020	
	Number of debtors	Outstanding balances (Million Baht)	Number of debtors	Outstanding balances (Million Baht)
Balances of restructured debts	4,586	1,812	8,856	2,762

3.7 Allowance for expected credit loss

As at 31 December 2021 and 2020, the Bank has allowance for expected credit loss classified by type of financial assets as follows:

	For the year ended 31 December 2021					Total
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Allowance established in excess	Financial assets applying a simplified approach to determine expected credit loss	
Interbank and money market items (assets)						
Balance - beginning of year	885	-	-	-	-	885
Changes from revaluation of allowance for credit loss	(658)	-	-	-	-	(658)
Balance - end of year	227	-	-	-	-	227
Investments in debt instruments measured at fair value through other comprehensive income						
Balance - beginning of year	-	-	26,460	-	-	26,460
Changes from revaluation of allowance for credit loss	-	-	1,000	-	-	1,000
Balance - end of year	-	-	27,460	-	-	27,460

(Unit: Thousand Baht)

For the year ended 31 December 2021

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit- impaired	Allowance established in excess	Financial assets applying a simplified approach to determine expected credit loss	Total
Investments in debt instruments measured at amortised cost						
Balance - beginning of year	-	-	12,047	-	-	12,047
Changes from revaluation of allowance for credit loss	-	-	(89)	-	-	(89)
Balance - end of year	-	-	11,958	-	-	11,958
Loans to customers and accrued interest receivables						
Balance - beginning of year	5,172,224	3,422,247	1,287,313	1,056,399	-	10,938,183
Changes from transfers among stages	224,972	(579,389)	354,417	-	-	-
Changes from revaluation of allowance for credit loss	(240,664)	66,233	2,620,450	-	-	2,446,019
New financial assets	2,020,300	641,081	144,997	-	-	2,806,378
Derecognition	(819,143)	(547,598)	(170,458)	-	-	(1,537,199)
Write-off	-	-	(2,930,786)	-	-	(2,930,786)
Reduction in allowance established in excess	-	-	-	(1,056,399)	-	(1,056,399)
Balance - end of year	6,357,689	3,002,574	1,305,933	-	-	10,666,196
Other assets - accrued interest receivables on investments						
Balance - beginning of year	-	-	525	-	-	525
Changes from revaluation of allowance for credit loss	-	-	196	-	-	196
Write-off	-	-	(525)	-	-	(525)
Balance - end of year	-	-	196	-	-	196
Other assets - other receivables						
Balance - beginning of year	-	-	-	-	-	-
Changes from revaluation of allowance for credit loss	-	-	-	-	2,492	2,492
Derecognition	-	-	-	-	(620)	(620)
Balance - end of year	-	-	-	-	1,872	1,872

(Unit: Thousand Baht)

For the year ended 31 December 2020

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit- impaired	Allowance established in excess	Total
Interbank and money market items (assets)					
Balance - beginning of year	-	-	-	-	-
Changes from revaluation of allowance for credit loss	885	-	-	-	885
Balance - end of year	885	-	-	-	885
Investments in debt instruments measured at fair value through other comprehensive income					
Balance - beginning of year	-	-	1,460	-	1,460
Changes from revaluation of allowance for credit loss	-	-	25,000	-	25,000
Balance - end of year	-	-	26,460	-	26,460
Investments in debt instruments measured at amortised cost					
Balance - beginning of year	-	-	12,437	-	12,437
Changes from revaluation of allowance for credit loss	-	-	(390)	-	(390)
Balance - end of year	-	-	12,047	-	12,047
Loans to customers and accrued interest receivables					
Balance - beginning of year	3,693,151	2,889,835	1,385,674	2,112,798	10,081,458
Changes from transfers among stages	(16,068)	(38,715)	54,783	-	-
Changes from revaluation of allowance for credit loss	617,531	292,241	3,002,633	-	3,912,405
New financial assets	1,350,836	642,122	170,313	-	2,163,271
Derecognition	(473,226)	(363,236)	(109,265)	-	(945,727)
Write-off	-	-	(3,216,825)	-	(3,216,825)
Reduction in allowance established in excess	-	-	-	(1,056,399)	(1,056,399)
Balance - end of year	5,172,224	3,422,247	1,287,313	1,056,399	10,938,183

(Unit: Thousand Baht)

For the year ended 31 December 2020

	Financial assets				Total
	with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Allowance established in excess	
Other assets - accrued interest receivables on investments					
Balance - beginning of year	-	-	-	-	-
Changes from revaluation of allowance for credit loss	-	-	525	-	525
Balance - end of year	-	-	525	-	525

3.8 Classification of assets

3.8.1 Classification of assets under the BOT's guidelines

As at 31 December 2021 and 2020, classification of financial assets is as follows:

(Unit: Thousand Baht)

As at 31 December 2021

	Financial assets				Total
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	
Financial assets with no significant increase in credit risk (Performing)	29,061,858	6,851,826	-	172,789,920	208,703,604
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	21,555,713	21,555,713
Financial assets that are credit-impaired (Non-performing)	-	24,370	11,958	4,535,403	4,571,731
Total	29,061,858	6,876,196	11,958	198,881,036	234,831,048

(Unit: Thousand Baht)

As at 31 December 2020

	Financial assets				Total
	Interbank and money market items	Debt instruments measured at fair value through other comprehensive income	Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	
Financial assets with no significant increase in credit risk (Performing)	36,961,656	9,407,960	-	190,435,185	236,804,801
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	29,139,124	29,139,124
Financial assets that are credit-impaired (Non-performing)	-	24,815	12,047	5,165,844	5,202,706
Total	36,961,656	9,432,775	12,047	224,740,153	271,146,631

3.8.2 Loans to customers with weak financial position and poor operating results

	Number of debtors as at 31 December		Loans to customers and accrued interest receivables as at 31 December		Collateral value as at 31 December		Allowance for expected credit loss provided in the accounts as at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET and under rehabilitation	1	1	476	500	300	315	476	500
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	10	8	641	890	411	430	86	108
Total	11	9	1,117	1,390	711	745	562	608

3.9 Properties foreclosed

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Acquisition of assets from debt repayment - Movable assets		
Balance - beginning of year	29,508	13,980
Additions	3,274,399	2,771,599
Disposals	(3,167,807)	(2,756,071)
Balance - end of year	136,100	29,508
Less: Allowance for impairment		
Balance - beginning of year	841	277
Increase	50,849	1,223
Decrease	(35,398)	(659)
Balance - end of year	16,292	841
Total properties foreclosed - net	119,808	28,667

3.10 Investment properties

The book value of investment properties as at 31 December 2021 and 2020 is as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Book value - beginning of year	28,152	28,152
Gain (loss) on changes in fair value	-	-
Book value - end of year	28,152	28,152

Investment properties of the Bank are office condominiums for rent and are stated at fair value. The fair value of investment properties is calculated using the asset appraisal method based on the market approach, with reference to market data of the similar and comparable assets. These valuations were made by in-house appraisers of the Bank who have professional experiences and are capable of the asset appraisal, and were based on the asset valuation standards and code of professional ethics in Thailand.

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	As of the appraisal date	Result to fair value where as an increase in assumption
Estimated office condominium price rate (Baht/Sq.m.)	93,330 - 139,951	Increase in fair value

The Bank has rented part of its office condominiums under operating leases with a lease term of 3 years, and has future minimum rental fee as at 31 December 2021 and 2020 as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Not over 1 year	1,975	1,721
Over 1 year but not over 3 years	2,330	2,730
Total	4,305	4,451

During the years ended 31 December 2021 and 2020, the Bank has rental income of Baht 4 million and Baht 4 million, respectively.

3.11 Premises and equipment

(Unit: Thousand Baht)

	Revaluation	Cost basis				Total
	basis					
	Office condominiums and building improvements	Land	Buildings and building improvements	Furniture, fixtures, computers and equipment	Motor vehicles	
<u>Cost:</u>						
As at 1 January 2020	634,248	17,509	450,124	534,883	54,793	1,691,557
Additions/transfers-in	-	-	20,943	8,090	4,443	33,476
Disposals/write-offs/ transfers-out	(16)	-	(57,319)	(82,195)	(9,149)	(148,679)
As at 31 December 2020	634,232	17,509	413,748	460,778	50,087	1,576,354
Additions/transfers-in	-	-	4,317	2,317	13,099	19,733
Disposals/write-offs/ transfers-out	-	-	(14,268)	(71,374)	(12,158)	(97,800)
As at 31 December 2021	634,232	17,509	403,797	391,721	51,028	1,498,287
<u>Accumulated depreciation:</u>						
As at 1 January 2020	10,265	-	398,158	456,288	34,807	899,518
Depreciation for the year	10,264	-	20,066	26,914	6,890	64,134
Depreciation on disposals/ write-offs/transfers-out	(5)	-	(56,534)	(79,765)	(9,049)	(145,353)
As at 31 December 2020	20,524	-	361,690	403,437	32,648	818,299
Depreciation for the year	10,262	-	16,870	22,960	7,289	57,381
Depreciation on disposals/ write-offs/transfers-out	-	-	(12,188)	(71,284)	(11,766)	(95,238)
As at 31 December 2021	30,786	-	366,372	355,113	28,171	780,442
<u>Net book value:</u>						
As at 31 December 2020	613,708	17,509	52,058	57,341	17,439	758,055
As at 31 December 2021	603,446	17,509	37,425	36,608	22,857	717,845
<u>Depreciation for the years ended 31 December:</u>						
2020						64,134
2021						57,381

As at 31 December 2021 and 2020, the Bank has equipment which has been fully depreciated but is still in use with the gross carrying amount, before deducting accumulated depreciation and allowance for loss on impairment, of approximately Baht 635 million and Baht 663 million, respectively.

The Bank arranged for an independent professional appraiser to appraise the value of the office condominium in 2018, using the market approach.

Had the office condominiums been carried in the financial statements based on cost model, their net book value as at 31 December 2021 and 2020 would have been as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Office condominiums - net of accumulated depreciation	214,597	222,531

As of the appraisal date, key assumptions that are unobservable inputs used in the valuation are summarised below.

	As of the appraisal date	Result to fair value where as an increase in assumption
Estimated office condominium price rate (Baht/Sq.m.)	82,960 - 181,475	Increase in fair value

3.12 Right-of-use assets

Movements of right-of-use assets for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Book value - beginning of year	466,673	616,201
Additions	87,958	67,898
Contract amendment	3,724	(817)
Contract termination	(2,812)	(30,090)
Depreciation for the year	(161,872)	(186,519)
Book value - end of year	393,671	466,673

3.13 Intangible assets

The book value of intangible assets - computer software as at 31 December 2021 and 2020 is presented as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Cost	868,084	863,361
Less: Accumulated amortisation	(835,432)	(772,591)
Net book value	<u>32,652</u>	<u>90,770</u>

A reconciliation of the net book value of intangible assets for the years ended 31 December 2021 and 2020 is presented as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Book value - beginning of year	90,770	181,929
Acquisitions of computer software	4,775	3,517
Write-offs of computer software	-	(172)
Amortisation	(62,893)	(94,504)
Book value - end of year	<u>32,652</u>	<u>90,770</u>

As at 31 December 2021 and 2020, the Bank has computer software which has been fully amortised but is still in use with the gross carrying amount, before deducting accumulated amortisation, of approximately Baht 766 million and Baht 382 million, respectively.

3.14 Other assets

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Value added tax - net	330,558	359,789
Accrued interest receivables	30,641	17,764
Fee and service receivables	133,523	116,434
Deposits	55,262	60,503
Other receivables	456,091	309,957
Other assets	202,860	191,447
Total other assets	1,208,935	1,055,894

3.15 Deposits

3.15.1 Classified by type of deposits

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Deposits		
Current accounts	3,385,477	3,766,484
Saving accounts	46,931,704	50,319,591
Fixed accounts		
- not over 6 months	9,021,296	12,761,123
- over 6 months but not over 1 year	23,680,305	27,901,720
- over 1 year	2,189,472	3,219,474
Certificates of deposits/negotiable certificates of deposits	82,717,065	106,891,006
Total	167,925,319	204,859,398

3.15.2 As at 31 December 2021 and 2020, all outstanding deposits are deposits from domestic depositors and are in Baht.

3.16 Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	As at 31 December					
	2021			2020		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand	-	4,364,356	4,364,356	-	1,164,700	1,164,700
Commercial banks	97,998	-	97,998	114,507	-	114,507
Specialised Financial Institutions	-	1,747,670	1,747,670	-	2,353,466	2,353,466
Other financial institutions	1,516,161	205,631	1,721,792	1,001,776	882,840	1,884,616
Total	1,614,159	6,317,657	7,931,816	1,116,283	4,401,006	5,517,289

3.17 Debts issued and borrowings

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	6,640,000	6,620,000
Unsubordinated unsecured debentures	2,220,000	4,540,000
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	8,896,919	11,196,919

3.17.1 Subordinated unsecured debentures

As at 31 December 2021 and 2020, the Bank has long-term subordinated unsecured debentures with an early redemption right in accordance with the BOT's regulations as follows:

Issued year	Units		Face value (Baht per unit)	Balance as at 31 December		Maturity in the year	Interest rate
	as at 31 December 2021	as at 31 December 2020		2021	2020		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2016	-	0.68	1,000	-	680	2026	3.875 percent per annum
2017	1.00	1.00	1,000	1,000	1,000	2027	4.00 percent per annum
2017	0.60	0.60	1,000	600	600	2027	3.70 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2019	1.20	1.20	1,000	1,200	1,200	2029	4.00 percent per annum
2020	1.25	1.25	1,000	1,250	1,250	2030	3.50 percent per annum
2020	0.69	0.69	1,000	690	690	2030	3.15 percent per annum
2021	0.70	-	1,000	700	-	2031	3.25 percent per annum
Total				6,640	6,620		

3.17.2 Unsubordinated unsecured debentures

As at 31 December 2021 and 2020, the Bank has short-term and long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units		Face value (Baht per unit)	Balance as at 31 December		Maturity in the year	Interest rate
		as at 31 December 2021	as at 31 December 2020		2021	2020		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2020	Short-term debenture	-	2.32	1,000	-	2,320	2021	1.30 percent per annum
2020	Long-term debenture	2.22	2.22	1,000	2,220	2,220	2022	1.40 percent per annum
Total						<u>2,220</u>	<u>4,540</u>	

3.17.3 Bills of exchange

Bills of exchange comprise bills of exchange that mature at call and bear interest at a fixed rate of 2.50 percent per annum.

3.18 Lease liabilities

	(Unit: Thousand Baht)	
	As at 31 December	
	2021	2020
Balance - beginning of year	482,940	627,281
Increase during the year	101,514	69,772
Contract amendment	124	(885)
Paid during the year	(161,124)	(182,061)
Terminated during the year	(9,677)	(31,167)
Balance - end of year	413,777	482,940
Less: Deferred interest expenses	(27,655)	(34,970)
Lease liabilities - net	386,122	447,970
Current portion	(133,944)	(124,470)
Lease liabilities - net of current portion	<u>252,178</u>	<u>323,500</u>

The Bank had total cash outflows on leases during the years ended 31 December 2021 and 2020 of Baht 169 million and Baht 184 million, respectively.

Expenses relating to leases that are recognised in profit or loss for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2021	2020
Depreciation expense of right-of-use assets	162	187
Interest expense on lease liabilities	10	13
Expenses relating to variable lease payments	8	10
Total	<u>180</u>	<u>210</u>

3.19 Provisions

	(Unit: Thousand Baht)	
	As at 31 December	
	2021	2020
Allowance for expected credit loss on loan commitments	1,806	14,716
Provision for long-term employee benefits	830,979	818,436
Total provisions	<u>832,785</u>	<u>833,152</u>

3.19.1 Allowance for expected credit loss on loan commitments

As at 31 December 2021 and 2020, allowance for expected credit loss on loan commitments by classification is as follows:

	(Unit: Thousand Baht)			
	As at 31 December			
	2021		2020	
	Loan commitments	Allowance for expected credit loss	Loan commitments	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	1,242,791	1,806	1,568,700	14,716
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	-
Financial assets that are credit-impaired (Non-performing)	-	-	-	-
Total	<u>1,242,791</u>	<u>1,806</u>	<u>1,568,700</u>	<u>14,716</u>

Changes in allowance for expected credit loss on loan commitments are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December			
	2021		2020	
	Financial assets with no significant increase in credit risk	Total	Financial assets with no significant increase in credit risk	Total
Balance - beginning of year	14,716	14,716	-	-
Changes from revaluation of allowance for credit loss/new financial assets/ derecognition	(12,910)	(12,910)	14,716	14,716
Balance - end of year	1,806	1,806	14,716	14,716

3.19.2 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, is as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Defined post-employment benefit obligation		
at beginning of year	633,236	572,208
Current service cost	50,145	48,419
Interest cost	11,190	9,755
Benefits paid during the year	(18,299)	(8,685)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	68,614	12,433
Financial assumptions changes	(98,390)	6,517
Other assumptions changes	15,543	(7,411)
Defined post-employment benefit obligation at end of year	662,039	633,236
Other long-term benefits	168,940	185,200
Total provision for long-term employee benefits at end of year	830,979	818,436

Long-term employee benefit expenses included in profit or loss for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Current service cost	67,141	66,699
Interest cost	13,225	11,670
Actuarial (gain) loss	(27,309)	37,333
Total employee benefit expenses	<u>53,057</u>	<u>115,702</u>

As at 31 December 2021, the Bank expects to pay Baht 48 million in contributions to its provision for long-term employee benefits during the next year (31 December 2020: Baht 33 million).

As at 31 December 2021 and 2020, the weighted average duration of the liabilities for long-term employee benefits is 16 years and 17 years, respectively.

Significant actuarial assumptions as at the assessment date are summarised below.

(Unit: Percent per annum)

	As at 31 December	
	2021	2020
Discount rate	0.51 - 3.32	0.46 - 2.61
Average salary increase rate	5.00	5.00
Turnover rate	0.88 - 9.26	1.11 - 10.55

The results of sensitivity analysis for significant assumptions that affect the increase (decrease) in the present value of the employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	As at 31 December			
	2021		2020	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(19,700)	20,564	(20,384)	21,324
Average salary increase rate	20,032	(19,298)	20,601	(19,813)
Turnover rate	(2,069)	2,069	(2,135)	2,135

3.20 Other liabilities

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Withholding income tax and other tax payables	331,684	376,845
Accrued insurance premium	238,966	219,512
Deferred income	1,564,645	1,458,697
Accrued expenses	1,276,751	1,737,123
Suspense creditors	1,028,283	1,075,205
Other liabilities	418,012	357,125
Total other liabilities	4,858,341	5,224,507

The above accrued expenses include accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses include costs of annual bonus that are determined with reference to the parent company's share price, paid to employees whose performance impacts the Bank's operating results, as an incentive to work effectively and to build loyalty to the Bank. This vested bonus is continuously set aside for payment five years later. It is paid in cash and determined based on the average daily price of the parent company's shares over the period of five years from grant date to settlement date. As of 31 December 2021, the Bank has accrued bonus under this scheme amounting to Baht 146 million (2020: Baht 157 million), and recognised expenses in profit or loss during the year ended 31 December 2021 amounting to Baht 59 million.

As at 31 December 2021, the above other liabilities include advances received from Electronic Funds Transfer transactions amounting to Baht 3 million (2020: Baht 3 million), and the Bank maintained an asset amounting to Baht 14 million to reserve for advances received through such transactions, presented under interbank and money market items (assets) in the statement of financial position as at 31 December 2021 (2020: Baht 13 million).

3.21 Preference shares converted to ordinary shares

Up to 31 December 2021 and 2020, preference shares have been converted into ordinary shares totalling 627,952,146 shares.

As at 31 December 2021 and 2020, there are preference shares which are convertible to ordinary shares totalling 104 shares.

3.22 Capital funds

The primary objectives of the Bank's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio in accordance with the regulations of the BOT.

The Bank maintains capital adequacy ratio in compliance with Basel III principles by implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, loan against auto license receivables, corporate lending, car inventory financing loans, other commercial loans, equity exposure and other assets.

Regarding Capital funds as at 31 December 2021 and 2020, the Bank has allocated the additional reserve from loan classification as part of regulatory capital funds. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under the BOT's regulation.

Capital funds of the Bank (under Basel III principles) are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2021	2020
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	18,463,500	17,713,142
Other components of equity	302,640	309,469
Less: Deductions from Common Equity Tier I items	(137,200)	(366,769)
Total Common Equity Tier I capital	31,371,640	30,398,542
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non-cumulative preference shares	1	1
Total Tier I capital	31,371,641	30,398,543
<u>Tier II capital</u>		
Long-term subordinated debentures	6,640,000	6,620,000
Surplus of provision	685,907	741,712
Reserve for loans classified as normal	515,890	557,567
Total Tier II capital	7,841,797	7,919,279
Total capital funds	39,213,438	38,317,822

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2021		2020	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	20.16	7.00	18.07	7.00
Tier I capital to risk assets	20.16	8.50	18.07	8.50
Total capital to risk assets	25.20	11.00	22.78	11.00

To comply with the Notification of the BOT No. Sor Nor Sor. 14/2562 regarding “Public Disclosure of Capital Maintenance for Commercial Banks (No. 2)”, the Bank will disclose capital maintenance information as at 31 December 2021 on its website (www.tisco.co.th) by April 2022.

3.23 Other components of equity

3.23.1 Surplus on valuation of investments measured at fair value through other comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Balance - beginning of year	6,338	4,618
Increase (decrease) from changes in value of investments during the year	(6,208)	1,720
	130	6,338
Less: Effect of deferred tax liabilities	(26)	(1,268)
Balance - end of year	104	5,070

3.23.2 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Balance - beginning of year	380,499	382,827
Transfer to retained earnings	(2,329)	(2,328)
	378,170	380,499
Less: Effect of deferred tax liabilities	(75,634)	(76,100)
Balance - end of year	302,536	304,399

3.24 Interest income

Interest income in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Interbank and money market items	147,214	244,513
Investments in debt securities	59,889	101,131
Loans to customers	6,904,284	7,907,614
Hire purchase and finance lease	6,310,495	7,192,769
Total interest income	13,421,882	15,446,027

Interest income for years ended 31 December 2021 and 2020 consisted of interest income on credit-impaired financial assets amounting to Baht 291 million and Baht 379 million, respectively. The Bank fully recognised expected credit loss on such interest income.

3.25 Interest expenses

Interest expenses in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Deposits	1,511,804	2,621,128
Interbank and money market items	4,859	12,671
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	451,906	523,948
Issued debt securities		
- Subordinated debentures	250,734	265,996
- Unsubordinated debentures	38,351	129,875
Borrowings	921	913
Others	10,264	12,687
Total interest expenses	<u>2,268,839</u>	<u>3,567,218</u>

3.26 Net fee and service income

Net fee and service income in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Fee and service income		
- Acceptance, aval and guarantees	5,906	6,670
- Insurance service	974,325	1,073,950
- Others	709,222	781,487
Total fee and service income	<u>1,689,453</u>	<u>1,862,107</u>
Fee and service expenses	<u>(74,245)</u>	<u>(68,418)</u>
Net fee and service income	<u>1,615,208</u>	<u>1,793,689</u>

3.27 Net gain on financial instruments measured at fair value through profit or loss

Net gain on financial instruments measured at fair value through profit or loss in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Gain (loss) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	398	(13,604)
- Debt securities	16,948	20,032
- Equity securities	72,178	(380)
Net gain on financial instruments measured at fair value through profit or loss	<u>89,524</u>	<u>6,048</u>

3.28 Net gain on investments

Net gain on investments in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Gain on derecognition		
- Debt instruments measured at fair value through other comprehensive income	499	3,082
- Debt instruments measured at amortised cost	5,501	7,451
Net gain on investments	<u>6,000</u>	<u>10,533</u>

3.29 Expected credit loss

Expected credit loss and gain or loss from the modification of terms of financial assets in the statements of comprehensive income for the years ended 31 December 2021 and 2020 consisted of the following:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Expected credit loss		
- Interbank and money market items (reversal)	(658)	885
- Investments in debt instruments measured at amortised cost (reversal)	(89)	(390)
- Investments in debt instruments measured at fair value through other comprehensive income and accrued interest receivables	1,196	25,525
- Loans to customers	1,294,728	2,342,929
- Other receivables	1,872	-
Loss from the modification of terms		
- Loans to customers	15,712	53,525
Loan commitments (reversal)	(12,910)	14,716
Total	<u>1,299,851</u>	<u>2,437,190</u>

3.30 Income tax expenses

Income tax expenses for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Current income tax:		
Income tax expenses for the year	842,951	435,780
Deferred tax:		
Deferred tax on temporary differences and reversion of temporary differences	171,448	513,888
Income tax expenses reported in the statement of comprehensive income	<u>1,014,399</u>	<u>949,668</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Gain (loss) on valuation of investments in debt instruments at fair value through other comprehensive income	1,242	(344)
Actuarial (gain) loss	(2,847)	2,308
Income tax expenses recorded directly to other comprehensive income	(1,605)	1,964

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2021 and 2020 is as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2021	2020
Accounting profit before tax	5,016,594	4,735,979
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,003,319	947,196
Tax effect of net tax-exempt income, net disallowed expenses and additional expense deductions allowed	11,080	2,472
Income tax expenses reported in the statement of comprehensive income	1,014,399	949,668
Weighted average tax rate	20.22%	20.05%

The components of deferred tax assets/liabilities are as follows:

	(Unit: Thousand Baht)			
	Changes in deferred tax assets/liabilities reported in profit or loss for the years			
	As at 31 December		ended 31 December	
	2021	2020	2021	2020
Allowance for expected credit loss	8,412	221,915	(213,503)	(493,086)
Allowance for impairment of investments	2,589	2,589	-	-
Allowance for impairment of properties foreclosed	3,258	168	3,090	113
Non-accrual of interest income	5,256	7,878	(2,622)	(25,331)
Depreciation of assets	(17,383)	(28,002)	10,619	13,141
Finance leases	-	-	-	12
Surplus on revaluation of assets	(75,634)	(76,100)	-	-
Surplus on changes in value of investments	(26)	(1,268)	-	-
Unrealised gain on derivatives	-	-	-	214
Gain on changes in value of investments in securities	(108,828)	(100,525)	(8,303)	77
Deferred commission and direct expenses incurred at the initiation of hire purchase	(162,844)	(337,546)	174,702	246,105
Unearned interest income on hire purchase	42,534	101,877	(59,343)	(95,361)
Loss on disposal of properties foreclosed	26,764	-	26,764	-
Accrued expenses	133,117	212,995	(79,878)	(133,230)
Employee benefit expenses	166,196	163,687	5,356	19,413
Others	64,771	93,101	(28,330)	(45,955)
Deferred tax assets	88,182	260,769	(171,448)	(513,888)

3.31 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	For the years ended 31 December	
	2021	2020
Profit attributable to equity holders of the Bank (Thousand Baht)	4,002,195	3,786,311
Weighted average number of shares (Thousand shares)	921,568	921,568
Basic earnings per share (Baht/share)	4.34	4.11

3.32 Related party transactions

The relationships between the Bank and its related parties

Name of related parties	Relationship
TISCO Financial Group Plc.	Parent company
TISCO Securities Co., Ltd.	Common shareholders
TISCO Asset Management Co., Ltd.	Common shareholders
Hi-Way Co., Ltd.	Common shareholders
TISCO Insurance Solution Co., Ltd.	Common shareholders
TISCO Information Technology Co., Ltd.	Common shareholders
TISCO Learning Center Co., Ltd.	Common shareholders
All-Ways Co., Ltd.	Common shareholders
Primus Leasing Co., Ltd. (In the process of liquidation)	Common shareholders
TISCO Tokyo Leasing Co., Ltd.	Common shareholders

As at 31 December 2021 and 2020, the balances of accounts between the Bank and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2021	2020
<u>Outstanding balances</u>		
Parent company		
TISCO Financial Group Plc.		
Loans to customers	565,000	3,780,000
Deposits	22,583	17,391
Lease liabilities	19,629	29,107
Accrued interest payable	1	1
Dividend payable	1,999,552	1,888,978
Other liabilities	121,375	126,221
Related companies		
Other assets		
TISCO Securities Co., Ltd.	214	242
TISCO Asset Management Co., Ltd.	3,997	4,325
Hi-Way Co., Ltd.	690	900
TISCO Insurance Solution Co., Ltd.	15,343	15,361
All-Ways Co., Ltd.	-	37
Deposits		
Hi-Way Co., Ltd.	125,602	129,887
TISCO Insurance Solution Co., Ltd.	517,442	505,711
TISCO Information Technology Co., Ltd.	437,976	424,226
TISCO Learning Center Co., Ltd.	42,847	62,008
All-Ways Co., Ltd.	204,045	214,454
Primus Leasing Co., Ltd.	32,897	32,897
TISCO Tokyo Leasing Co., Ltd.	1,771	1,099
Interbank and money market items (liabilities)		
TISCO Securities Co., Ltd.	430,245	504,244
TISCO Asset Management Co., Ltd.	503,291	139,724
Lease liabilities		
TISCO Securities Co., Ltd.	822	1,060
Hi-Way Co., Ltd.	2,031	2,677

(Unit: Thousand Baht)

As at 31 December

	2021	2020
Related companies (continued)		
Accrued interest payable		
TISCO Securities Co., Ltd.	6	16
TISCO Asset Management Co., Ltd.	14	7
Hi-Way Co., Ltd.	3	2
TISCO Insurance Solution Co., Ltd.	6	37
TISCO Information Technology Co., Ltd.	13	48
TISCO Learning Center Co., Ltd.	17	4
All-Ways Co., Ltd.	55	96
Other liabilities		
Hi-Way Co., Ltd.	216,400	212,600
TISCO Insurance Solution Co., Ltd.	13,565	13,088
TISCO Learning Center Co., Ltd.	-	1,498
All-Ways Co., Ltd.	8,204	-
Directors and management - departmental managers upward		
Loans ⁽¹⁾	8,183	8,326
Deposits	369,850	198,431
Companies which directors or their related persons have significant influence over		
Deposits	39,580	148,665
Related persons of directors and key management		
Deposits	70,555	35,880
Commitments - guarantees		
Parent company		
TISCO Financial Group Plc.	1,040	1,040
Related companies		
TISCO Securities Co., Ltd.	540	540
TISCO Asset Management Co., Ltd.	440	440
TISCO Insurance Solution Co., Ltd.	200	200
TISCO Information Technology Co., Ltd.	1,014	1,014
Commitments - undrawn overdraft facilities		
Related companies		
TISCO Securities Co., Ltd.	30,000	30,000
TISCO Asset Management Co., Ltd.	200,000	200,000

(1) Including employee welfare loans and normal loans.

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Related companies (continued)		
Commitments - loan credit lines ⁽²⁾		
Parent company		
TISCO Financial Group Plc.	9,500,000	8,500,000
Related companies		
TISCO Securities Co., Ltd. ⁽³⁾	5,000,000	5,000,000
TISCO Asset Management Co., Ltd. ⁽³⁾	500,000	200,000
Hi-Way Co., Ltd.	3,500,000	2,500,000
TISCO Information Technology Co., Ltd.	50,000	50,000
TISCO Insurance Solution Co., Ltd.	500,000	500,000
All-Ways Co., Ltd.	1,000,000	5,000,000
TISCO Tokyo Leasing Co., Ltd.	500,000	500,000

(2) As at 31 December 2021 and 2020, total loan balance for all credit lines granted to all companies in the Group must not exceed Baht 9,500 million and Baht 8,500 million, respectively.

(3) Subordinated loan

Loans to related companies

As at 31 December 2021 and 2020, the balances of loans between the Bank and its related companies and their movements are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2021			
	Balance - beginning of year	Increase	Decrease	Balance - end of year
Parent company				
Loans				
TISCO Financial Group Plc.	3,780,000	60,000	(3,275,000)	565,000

(Unit: Thousand Baht)

	For the year ended 31 December 2020			
	Balance - beginning of year	Increase	Decrease	Balance - end of year
Parent company				
Loans				
TISCO Financial Group Plc.	-	3,788,000	(8,000)	3,780,000

During the years, the Bank had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on bases agreed upon between the Bank and those related parties.

(Unit: Thousand Baht)

	For the years ended		Terms and pricing policies
	31 December		
	2021	2020	
<u>Transactions occurred during the years</u>			
Parent company			
Interest income	10,860	19,589	With reference to the terms and prices as offered to other customers
Other income	720	500	With reference to the terms and prices as offered to other customers
Risk and financial management fee expenses, human resources management fee expenses and office administration fee expenses	1,450,000	1,514,000	Determined on actual costs in compliance with the criteria specified by the BOT
Interest expenses	930	2,653	With reference to the terms and prices as offered to other customers
Other expenses	10,034	10,034	With reference to the terms and prices as offered to other customers
Related companies			
Interest income	322	16	With reference to the terms and prices as offered to other customers
Income involving loans	2,760	3,600	With reference to the terms and prices as offered to other customers
Insurance service income	61,243	61,261	With reference to the terms and prices as offered to other customers
Other income	81,167	66,238	With reference to the terms and prices as offered to other customers
Expenses involving loans	858,000	796,800	Determined on actual costs
Computer system advisory service expenses	605,000	630,000	Determined on actual costs in compliance with the criteria specified by the BOT
Training expenses	23,857	41,150	With reference to the prices as offered from other service providers
Interest expenses	3,455	6,234	With reference to the terms and prices as offered to other customers
Other expenses	14,399	4,248	With reference to the terms and prices as offered to other customers

Directors' and key management's benefits

During the years ended 31 December 2021 and 2020, the Bank had short-term benefit expenses and post-employment benefit expenses to its directors and key management as follows:

(Unit: Million Baht)

	For the years ended 31 December	
	2021	2020
Short-term benefits	188	178
Post-employment benefits	16	15
Total	204	193

The Bank has other employee benefit expenses to its directors and key management recognised in profit or loss during the year ended 31 December 2021 amounting to Baht 23 million.

3.33 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Chairperson of the Executive Board.

For management purposes, the Bank is organised into business units based on its products and services and has the following three reportable segments:

1. Retail banking business: Provision of credit facilities to retail customers, who are mostly individuals, principally comprised of consumer credit.
2. Corporate banking business: Provision of financial services, in the form of loans and related services, to medium and large corporate clients for commercial purposes and related services.
3. Treasury investment and other businesses: Responsible for asset and liability management activities of the Bank and other businesses.

No operating segments have been aggregated from the above reportable operating segment.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets in which operating expenses are allocated on a basis of loans and operating income of each segment. However, the Bank's income taxes are managed on a group basis; therefore, income tax expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Bank operates in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

During the years ended 31 December 2021 and 2020, the Bank did not have income from any customers amounting to or over 10 percent of its income.

Revenue and profit information regarding the Bank's operating segments for the years ended 31 December 2021 and 2020 is as follows:

(Unit: Million Baht)

	For the year ended 31 December 2021					
	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue						
External customers	11,629	1,386	116	13,131	-	13,131
Inter-segment	-	-	2,077	2,077	(2,077)	-
Total revenue	<u>11,629</u>	<u>1,386</u>	<u>2,193</u>	<u>15,208</u>	<u>(2,077)</u>	<u>13,131</u>
Operating results:						
Net interest income	9,901	1,264	(12)	11,153	-	11,153
Net fee and service income	1,510	120	(15)	1,615	-	1,615
Other operating income	218	2	2,220	2,440	(2,077)	363
Total operating income	<u>11,629</u>	<u>1,386</u>	<u>2,193</u>	<u>15,208</u>	<u>(2,077)</u>	<u>13,131</u>
Premises and equipment expenses and amortisation	(279)	(23)	(942)	(1,244)	-	(1,244)
Other operating expenses	(5,941)	(540)	(1,167)	(7,648)	2,077	(5,571)
Expected credit loss	(1,665)	22	343	(1,300)	-	(1,300)
Total operating expenses	<u>(7,885)</u>	<u>(541)</u>	<u>(1,766)</u>	<u>(10,192)</u>	<u>2,077</u>	<u>(8,115)</u>
Segment profit before income tax expenses	<u>3,744</u>	<u>845</u>	<u>427</u>	<u>5,016</u>	<u>-</u>	<u>5,016</u>
Income tax expenses						(1,014)
Profit for the year						<u>4,002</u>

(Unit: Million Baht)

For the year ended 31 December 2020

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue						
External customers	12,592	1,252	183	14,027	-	14,027
Inter-segment	-	-	1,954	1,954	(1,954)	-
Total revenue	<u>12,592</u>	<u>1,252</u>	<u>2,137</u>	<u>15,981</u>	<u>(1,954)</u>	<u>14,027</u>
Operating results:						
Net interest income	10,614	1,149	116	11,879	-	11,879
Net fee and service income	1,687	116	(9)	1,794	-	1,794
Other operating income	291	(13)	2,030	2,308	(1,954)	354
Total operating income	<u>12,592</u>	<u>1,252</u>	<u>2,137</u>	<u>15,981</u>	<u>(1,954)</u>	<u>14,027</u>
Premises and equipment expenses and amortisation	(305)	(25)	(948)	(1,278)	-	(1,278)
Other operating expenses	(6,012)	(482)	(1,036)	(7,530)	1,954	(5,576)
Expected credit loss	(3,151)	(7)	721	(2,437)	-	(2,437)
Total operating expenses	<u>(9,468)</u>	<u>(514)</u>	<u>(1,263)</u>	<u>(11,245)</u>	<u>1,954</u>	<u>(9,291)</u>
Segment profit before income tax expenses	<u>3,124</u>	<u>738</u>	<u>874</u>	<u>4,736</u>	<u>-</u>	<u>4,736</u>
Income tax expenses						(950)
Profit for the year						<u>3,786</u>

Total assets information regarding the Bank's operating segments as at 31 December 2021 and 2020 is as follows:

(Unit: Million Baht)

	As at 31 December 2021			Total segments
	Retail	Corporate	Treasury	
	banking	banking	investment and others	
Segment total assets	161,878	35,541	31,196	228,615
Premises and equipment - net	20	1	697	718

(Unit: Million Baht)

	As at 31 December 2020			Total segments
	Retail	Corporate	Treasury	
	banking	banking	investment and others	
Segment total assets	186,195	36,908	41,818	264,921
Premises and equipment - net	30	2	726	758

3.34 Provident fund

The Bank and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Bank and the employees contribute to the fund monthly at the rates of 5 to 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The fund, which is managed by TISCO Asset Management Co., Ltd, will be paid to the employees upon termination in accordance with the fund rules. During the years ended 31 December 2021 and 2020, the Bank recognised contributions as expenses totalling Baht 168 million and Baht 159 million, respectively.

3.35 Commitments and contingent liabilities

3.35.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at 31 December	
	2021	2020
Avals to bills	630	-
Other guarantees	525,695	497,316
Undrawn client overdraft facilities	230,000	230,000
Foreign exchange contracts (Note 3.36.4)	1,512,926	1,189,528
Others	1,012,791	1,338,700
Total	<u>3,282,042</u>	<u>3,255,544</u>

3.35.2 Litigation

As at 31 December 2021 and 2020, the Bank has been sued for compensation totalling approximately Baht 165 million and Baht 388 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Bank believes that no material loss to the financial statements will be incurred as a result of the mentioned lawsuits.

3.35.3 Other commitments

The Bank has commitments in relation to computer service agreements with a related party and other companies, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.

3.36 Risk management

3.36.1 Credit risk

Credit Risk is defined as the possibility that the obligor or borrower will be unable to comply with the terms and conditions of agreements, causing them to be unable to settle liabilities to the Bank when due or to deliberately breach the terms of payment to the Bank. If this occurs without collateral coverage, the Bank will need to increase its bad debt provisions, adversely impacting the net income and capital of the Bank.

Credit Risk Management Framework

The Risk Management Committee has been appointed to oversee credit risk management of the overall portfolio. The committee is responsible for formulating credit risk strategies and establishing guidelines and limits, as well as advising other credit risk authorities on related issues. It also monitors and reviews credit risks at the portfolio level and reports essential credit risk information to the Board. In addition, the Risk Oversight Committee is to advise the Board of Directors on the risk governance framework to ensure that top management and heads of risk management functions comply with the approved risk management policy, strategies, and risk appetites, while reviewing the sufficiency and effectiveness of the overall risk management policy and strategies. The Risk Oversight Committee is also to report to the Board of Directors on risk exposures and to participate in evaluation of the performance of the heads of the risk management functions.

Specific-area credit risk at in-depth transaction level is under the supervision of the Credit Committee and the Problem Loan Committee. The Credit Committee is responsible for reviewing and granting credit approvals, and may delegate its authority to oversee credit risk to designated persons for lower-risk transactions. In addition, the Problem Loan Committee was set up to closely monitor and follow up on overdue payments of problem loan accounts and properties foreclosed.

The credit risk assessment processes are key practices of the Bank which include credit rating, delinquency analysis, concentration analysis and risk capital analysis. The Bank is aware of the importance of the credit risk assessment process and so all credit activities must operate under a sound credit approval process in which an effective credit rating system is employed. In the retail lending area, quantitative-oriented approaches to credit grading are implemented, considering homogenous high-volume characteristics at the portfolio level. In the corporate lending area, qualitative-oriented credit grading approaches are employed, taking into account the widely varying risk profiles.

Concentration risk is another key factor in credit portfolio risk management. Appropriate guidelines are set to control credit concentration, taking into account appropriateness to and alignment with business practices and the Bank's capital. In addition, the Bank uses credit risk management guidelines and limits that are comprehensively and strictly applied to all credit-related functions both at the portfolio and transactional levels, as well as monitoring and managing problem loan and properties foreclosed.

The maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for recognised and unrecognised financial instruments. The maximum exposure is shown at gross before both the effect of mitigation through use of master netting and collateral arrangements.

For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals their gross carrying amount before deductions of allowance for expected credit loss.

For loan commitments that are irrevocable over the life of the respective facilities, the maximum exposure to credit risk is the full amount of the committed facilities.

As at 31 December 2021 and 2020, the exposure to credit risk is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2021	2020
Interbank and money market items (Assets)	29,062	36,962
Investments in debt instruments measured at fair value through other comprehensive income	6,876	9,433
Investments in debt instruments measured at amortised cost	12	12
Loans to customers and accrued interest receivables	198,881	224,740
Other assets - accrued interest receivables on investments	-	7
Other assets - fee and service receivables	134	116
Other assets - other receivables	458	310
Total financial assets	235,423	271,574
Loan commitments	1,243	1,569
Total credit risk exposure	236,666	273,143

Collateral and any operations to increase creditability

The Bank has held collateral and any operations to increase creditability of exposure to risk. The details of the exposure to risk with collateral held by the Bank for each type of financial assets are as follows:

	Exposure to risk with collateral		
	as at 31 December		Type of collateral
	2021	2020	
Interbank and money market items	27,202	33,502	Bonds
Loans to customers and accrued interest receivables	196,685	219,226	Motor vehicles, land and buildings, deposits, securities

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank has adopted the policy to prevent this risk by performing credit analysis from customers' information and follow-up on customer status consistently.

The table below shows the credit quality of financial assets exposed to credit risk, the amounts presented for financial assets are gross carrying amount (before allowance for expected credit loss). For loan commitments, the amounts in the table represent the amounts committed.

(Unit: Million Baht)

	As at 31 December 2021				
	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach to determine expected credit loss	Total
Interbank and money market items					
(Assets)					
Investment grade	29,062	-	-	-	29,062
Non-investment grade	-	-	-	-	-
Total	29,062	-	-	-	29,062
Allowance for expected credit loss	-	-	-	-	-
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	6,852	-	-	-	6,852
Non-investment grade	-	-	24	-	24
Total	6,852	-	24	-	6,876
Allowance for expected credit loss	-	-	27	-	27
Investments in debt securities measured at amortised cost					
Investment grade	-	-	-	-	-
Non-investment grade	-	-	12	-	12
Total	-	-	12	-	12
Allowance for expected credit loss	-	-	12	-	12

(Unit: Million Baht)

As at 31 December 2021

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach to determine expected credit loss	Total
Loans to customers and accrued interest receivables					
0 day overdue	162,689	3,604	197	-	166,490
1 - 30 days overdue	10,101	5,487	209	-	15,797
31 - 60 days overdue	-	9,496	231	-	9,727
61 - 90 days overdue	-	2,969	151	-	3,120
Over 90 days overdue	-	-	3,747	-	3,747
Total	172,790	21,556	4,535	-	198,881
Allowance for expected credit loss	6,358	3,002	1,306	-	10,666
Other assets - fee and service receivables					
0 day overdue	-	-	-	134	134
1 - 30 days overdue	-	-	-	-	-
Total	-	-	-	134	134
Allowance for expected credit loss	-	-	-	-	-
Other assets - other receivables					
0 day overdue	-	-	-	455	455
1 - 30 days overdue	-	-	-	-	-
31 - 90 days overdue	-	-	-	-	-
91 - 180 days overdue	-	-	-	1	1
Over 180 days overdue	-	-	-	2	2
Total	-	-	-	458	458
Allowance for expected credit loss	-	-	-	2	2
Loan commitments					
0 day overdue	1,243	-	-	-	1,243
1 - 30 days overdue	-	-	-	-	-
Total	1,243	-	-	-	1,243
Allowance for expected credit loss	2	-	-	-	2

(Unit: Million Baht)

As at 31 December 2020

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach to determine expected credit loss	Total
Interbank and money market items					
(Assets)					
Investment grade	36,962	-	-	-	36,962
Non-investment grade	-	-	-	-	-
Total	36,962	-	-	-	36,962
Allowance for expected credit loss	1	-	-	-	1
Investments in debt securities measured at fair value through other comprehensive income					
Investment grade	9,408	-	-	-	9,408
Non-investment grade	-	-	25	-	25
Total	9,408	-	25	-	9,433
Allowance for expected credit loss	-	-	26	-	26
Investments in debt securities measured at amortised cost					
Investment grade	-	-	-	-	-
Non-investment grade	-	-	12	-	12
Total	-	-	12	-	12
Allowance for expected credit loss	-	-	12	-	12
Loans to customers and accrued interest receivables					
0 day overdue	179,481	8,202	363	-	188,046
1 - 30 days overdue	10,954	8,600	365	-	19,919
31 - 60 days overdue	-	9,327	274	-	9,601
61 - 90 days overdue	-	3,010	176	-	3,186
Over 90 days overdue	-	-	3,988	-	3,988
Total	190,435	29,139	5,166	-	224,740
Allowance for expected credit loss	5,173	3,422	1,287	-	9,882
Allowance established in excess					1,056
Total allowance for expected credit loss					10,938
Other assets - fee and service receivables					
0 day overdue	-	-	-	116	116
1 - 30 days overdue	-	-	-	-	-
Total	-	-	-	116	116
Allowance for expected credit loss	-	-	-	-	-

(Unit: Million Baht)

As at 31 December 2020

	Financial assets with no significant increase in credit risk	Financial assets with significant increase in credit risk	Financial assets that are credit-impaired	Financial assets applying a simplified approach to determine expected credit loss	Total
Other assets - other receivables					
0 day overdue	-	-	-	301	301
1 - 30 days overdue	-	-	-	2	2
31 - 90 days overdue	-	-	-	2	2
91 - 180 days overdue	-	-	-	2	2
Over 180 days overdue	-	-	-	3	3
Total	-	-	-	310	310
Allowance for expected credit loss	-	-	-	-	-
Loan commitments					
0 day overdue	1,569	-	-	-	1,569
1 - 30 days overdue	-	-	-	-	-
Total	1,569	-	-	-	1,569
Allowance for expected credit loss	15	-	-	-	15

The Bank has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the BOT. The Bank manages credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Bank has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. The Bank also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. Therefore, the Bank does not expect to incur material financial loss from loans and guarantees of loans. In addition, the Bank is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans to customers as stated in the financial statements.

Quality of risk from credit granted by the Bank is mainly from the provision of hire purchase receivables. The Bank considers risk of hire purchase receivables as follows.

The risk of hire purchase that is not overdue of the Bank can be classified into three groups, based on quality of risk in respect of expected loss that will be incurred within one year. These are “Very high grade”, “High grade” and “Medium grade”, with “Very high grade” credit defined as credit from which expected loss over the next year is less than or equal to 0.2% of the balance; “High grade” as credit from which loss within one year is expected to be between 0.2% and 2.0% and “Medium grade” as credit from which loss within one year is expected to exceed 2.0% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2021	2020
Not yet past due		
Very high grade	48,522	53,570
High grade	42,064	45,175
Medium grade	2,795	3,616
Subtotal	93,381	102,361
Hire purchase receivables - overdue for 31 to 90 days	14,085	19,418
Hire purchase receivables - overdue for more than 90 days	2,217	2,741
Total	109,683	124,520

3.36.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices and interest rates, which may affect income or the capital funds of the Bank. In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. Market risk of both financial assets and liabilities of the Bank is assessed by employing the Value at Risk (VaR) model and methodologies appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value at Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

3.36.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Bank measures is an estimate, using a confidence level of 99%, of the potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk as at 31 December	
	2021	2020
Marketable financial assets		
Equity securities	1	1
Debt securities	3	4

3.36.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over one year, based on the interest bearing asset and liability positions held by the Bank at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2021	2020
Change in interest rate		
Increase by 1 percent	261.58	93.24
Decrease by 1 percent	(261.58)	(93.24)

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

3.36.2.3 Interest rate risk

The Bank has the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

Transactions	As at 31 December 2021			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,100	1,100
Interbank and money market items	-	27,203	1,859	29,062
Financial assets measured at fair value				
through profit or loss	-	-	774	774
Investments	-	6,577	299	6,876
Loans to customers	35,940	150,552	12,389	198,881
Other assets - fee and service receivables	-	-	134	134
Other assets - other receivables	-	-	458	458
	<u>35,940</u>	<u>184,332</u>	<u>17,013</u>	<u>237,285</u>
Financial liabilities				
Deposits	49,444	117,608	873	167,925
Interbank and money market items	1,528	6,318	86	7,932
Liabilities payable on demand	-	-	274	274
Derivatives liabilities	-	-	3	3
Debts issued and borrowings	-	8,897	-	8,897
Lease liabilities	-	386	-	386
Accrued interest payable	-	-	470	470
	<u>50,972</u>	<u>133,209</u>	<u>1,706</u>	<u>185,887</u>

(Unit: Million Baht)

As at 31 December 2020

Transactions	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,216	1,216
Interbank and money market items	-	33,503	3,459	36,962
Financial assets measured at fair value				
through profit or loss	-	-	758	758
Derivatives assets	-	-	62	62
Investments	-	4,485	4,948	9,433
Loans to customers	36,335	177,196	11,209	224,740
Other assets - fee and service receivables	-	-	116	116
Other assets - other receivables	-	-	310	310
	<u>36,335</u>	<u>215,184</u>	<u>22,078</u>	<u>273,597</u>
Financial liabilities				
Deposits	53,371	150,773	715	204,859
Interbank and money market items	973	4,406	138	5,517
Liabilities payable on demand	-	-	1,285	1,285
Debts issued and borrowings	-	11,197	-	11,197
Lease liabilities	-	448	-	448
Accrued interest payable	-	-	734	734
	<u>54,344</u>	<u>166,824</u>	<u>2,872</u>	<u>224,040</u>

Financial instruments which bear interest at fixed rates are classified below by the periods from the financial statements date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

As at 31 December 2021

Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	1	27,202	-	-	-	27,203	0.4986
Investments	-	4,187	2,363	27	-	6,577	1.7667
Loans to customers	4,340	11,311	33,592	89,333	11,976	150,552	6.8905
	<u>4,341</u>	<u>42,700</u>	<u>35,955</u>	<u>89,360</u>	<u>11,976</u>	<u>184,332</u>	
Financial liabilities							
Deposits	561	53,889	61,993	1,165	-	117,608	0.8437
Interbank and money market items	-	66	2,838	3,414	-	6,318	0.1120
Debts issued and borrowings	37	2,220	-	-	6,640	8,897	3.1296
Lease liabilities	-	23	111	200	52	386	2.4888
	<u>598</u>	<u>56,198</u>	<u>64,942</u>	<u>4,779</u>	<u>6,692</u>	<u>133,209</u>	

(Unit: Million Baht)

As at 31 December 2020							
Transactions	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	1	33,502	-	-	-	33,503	0.4983
Investments	25	2,209	2,248	3	-	4,485	1.7556
Loans to customers	7,839	13,305	36,116	101,271	18,665	177,196	7.2264
	<u>7,865</u>	<u>49,016</u>	<u>38,364</u>	<u>101,274</u>	<u>18,665</u>	<u>215,184</u>	
Financial liabilities							
Deposits	576	85,141	64,812	244	-	150,773	1.1177
Interbank and money market items	-	701	392	3,313	-	4,406	0.2223
Debts issued and borrowings	37	2,320	-	2,220	6,620	11,197	2.7882
Lease liabilities	-	-	124	261	63	448	2.5127
	<u>613</u>	<u>88,162</u>	<u>65,328</u>	<u>6,038</u>	<u>6,683</u>	<u>166,824</u>	

3.36.3 Liquidity risk

Liquidity risk is uncertainty that the Bank is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations, which could result in damages to the Bank. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the Bank and regulatory requirement. On the other hand, the Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the Bank's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk and return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, the Bank sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the management and other relevant functions.

The Bank has set stress testing scenarios for liquidity risk where the scenarios cover the Bank's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the Bank.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the Bank also issues subordinated and unsubordinated debentures as another source of fund. On the uses of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets to cushion against liquidity risk. Moreover, the Bank provides credit line to other companies under TISCO Group to support liquidity position if required.

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity of less than three months comprise current deposit and saving deposits. Both current deposits and saving deposits are considered to be more stable than term deposits in terms of cash outflow.

3.36.3.1 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)

	As at 31 December	
	2021	2020
Composition of highly liquid assets		
Cash	1,099	1,216
Interbank and money market items	29,062	36,961
Current investments	6,858	9,410
Total highly liquid assets	<u>37,019</u>	<u>47,587</u>
Liquid asset requirement based on the Bank's internal policy	22,052	34,142

The Bank has a policy to maintain the internal highly liquid assets higher than the liquid asset requirement. As at 31 December 2021 and 2020, the Bank has highly liquid assets higher than the internal liquid asset requirement. In addition, the Bank has operating cash inflows from business, and available credit lines from other financial institutions which are available to support uncertain liquidity requirement.

3.36.3.2 Counting from the financial statements date, as at 31 December 2021 and 2020, the periods to maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	As at 31 December 2021							Financial assets that are credit-impaired	Total
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified			
Financial assets									
Cash	1,100	-	-	-	-	-	-	-	1,100
Interbank and money market items	1,860	27,202	-	-	-	-	-	-	29,062
Financial assets measured at fair value through profit or loss	-	-	-	-	-	774	-	-	774
Investments	-	4,187	2,662	3	-	-	24	-	6,876
Loans to customers	4,128	13,051	38,876	104,418	33,873	-	4,535	-	198,881
Other assets - fee and service receivables	-	134	-	-	-	-	-	-	134
Other assets - other receivables	-	458	-	-	-	-	-	-	458
	<u>7,088</u>	<u>45,032</u>	<u>41,538</u>	<u>104,421</u>	<u>33,873</u>	<u>774</u>	<u>4,559</u>	<u>-</u>	<u>237,285</u>
Financial liabilities									
Deposits	50,878	53,888	61,993	1,166	-	-	-	-	167,925
Interbank and money market items	1,614	66	2,838	3,414	-	-	-	-	7,932
Liabilities payable on demand	274	-	-	-	-	-	-	-	274
Derivatives liabilities	-	-	3	-	-	-	-	-	3
Debts issued and borrowings	37	2,220	-	-	6,640	-	-	-	8,897
Lease liabilities	-	23	111	200	52	-	-	-	386
Accrued interest payable	19	273	174	4	-	-	-	-	470
	<u>52,822</u>	<u>56,470</u>	<u>65,119</u>	<u>4,784</u>	<u>6,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,887</u>
Commitments and contingent liabilities									
Avals to bills and other guarantees	1	-	34	-	-	491	-	-	526
Other commitments	-	-	1,563	963	-	230	-	-	2,756

(Unit: Million Baht)

As at 31 December 2020

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial assets that are credit-impaired	Total
Financial assets								
Cash	1,216	-	-	-	-	-	-	1,216
Interbank and money market items	3,459	33,503	-	-	-	-	-	36,962
Financial assets measured at fair value through profit or loss	-	-	-	-	-	758	-	758
Derivatives assets	-	62	-	-	-	-	-	62
Investments	-	4,547	4,858	3	-	-	25	9,433
Loans to customers	7,710	14,820	40,732	122,139	34,173	-	5,166	224,740
Other assets - fee and service receivables	-	116	-	-	-	-	-	116
Other assets - other receivables	14	296	-	-	-	-	-	310
	<u>12,399</u>	<u>53,344</u>	<u>45,590</u>	<u>122,142</u>	<u>34,173</u>	<u>758</u>	<u>5,191</u>	<u>273,597</u>
Financial liabilities								
Deposits	54,662	85,141	64,812	244	-	-	-	204,859
Interbank and money market items	1,111	701	392	3,313	-	-	-	5,517
Liabilities payable on demand	1,285	-	-	-	-	-	-	1,285
Debts issued and borrowings	37	2,320	-	2,220	6,620	-	-	11,197
Lease liabilities	-	-	124	261	63	-	-	448
Accrued interest payable	18	457	257	2	-	-	-	734
	<u>57,113</u>	<u>88,619</u>	<u>65,585</u>	<u>6,040</u>	<u>6,683</u>	<u>-</u>	<u>-</u>	<u>224,040</u>
Commitments and contingent liabilities								
Avals to bills and other guarantees	2	-	32	24	-	439	-	497
Other commitments	-	1,190	179	1,159	-	230	-	2,758

Regarding the disclosure of the Bank's Liquidity Coverage Ratio as at 31 December 2021, it will be disclosed via the Bank's website by April 2022.

3.36.4 Derivatives

As at 31 December 2021 and 2020, the Bank has a policy to enter into foreign exchange contracts to manage the risk associated with its financial assets. The Bank classified them as trading derivatives and measured them at fair value through profit or loss, as follows:

(Unit: Million Baht)

As at 31 December 2021

Maturity	Notional amount	Loss on measurement of fair value
2022	1,513	(3)

(Unit: Million Baht)

As at 31 December 2020

Maturity	Notional amount	Gain on measurement of fair value
2021	1,190	62

3.37 Fair value hierarchy

3.37.1 As at 31 December 2021 and 2020, the Bank has assets and liabilities that are measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Financial assets measured at fair value through profit or loss					
Equity securities	774	7	-	767	774
Investments - debt securities	6,876	-	6,852	24	6,876
<u>Financial liabilities measured at fair value</u>					
Derivatives					
Foreign exchange contracts	3	-	3	-	3
<u>Assets measured at fair value</u>					
Investment properties	28	-	-	28	28
Office condominiums	603	-	-	603	603
<u>Financial assets for which fair value is disclosed</u>					
Cash	1,100	1,100	-	-	1,100
Interbank and money market items	29,062	1,860	27,202	-	29,062
Loans to customers and accrued interest receivables	188,215	-	39,472	153,794	193,266
Other assets - fee and service receivables	134	-	134	-	134
Other assets - other receivables	456	-	456	-	456
<u>Financial liabilities for which fair value is disclosed</u>					
Deposits	167,925	50,317	117,608	-	167,925
Interbank and money market items	7,932	1,614	6,318	-	7,932
Liabilities payable on demand	274	274	-	-	274
Debts issued and borrowings	8,897	-	8,394	-	8,394
Accrued interest payable	470	6	464	-	470

(Unit: Million Baht)

	As at 31 December 2020				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Financial assets measured at fair value through profit or loss					
Equity securities	759	3	-	756	759
Derivatives					
Foreign exchange contracts	62	-	62	-	62
Investments - debt securities	9,433	-	9,408	25	9,433
<u>Assets measured at fair value</u>					
Investment properties	28	-	-	28	28
Office condominiums	614	-	-	614	614
<u>Financial assets for which fair value is disclosed</u>					
Cash	1,216	1,216	-	-	1,216
Interbank and money market items	36,961	3,459	33,502	-	36,961
Loans to customers and accrued interest receivables					
	214,858 ⁽¹⁾	-	52,859	167,784	220,643
Other assets - fee and service receivables	116	-	116	-	116
Other assets - other receivables	310	-	310	-	310
<u>Financial liabilities for which fair value is disclosed</u>					
Deposits	204,859	54,086	150,773	-	204,859
Interbank and money market items	5,517	1,111	4,406	-	5,517
Liabilities payable on demand	1,285	1,285	-	-	1,285
Debts issued and borrowings	11,197	-	10,599	-	10,599
Accrued interest payable	734	7	727	-	734

(1) Book value of loans to customers and accrued interest receivables before deduction of excess provision amounting to Baht 1,056 million.

During the current year, there were no transfers within the fair value hierarchy.

3.37.2 A reconciliation of the financial assets measured at fair value which are categorised within level 3 of the fair value hierarchy is presented as follows:

(Unit: Million Baht)

	Non-marketable equity instruments	Investment - private sector debt securities	Total
Balance as at 1 January 2021	756	25	781
Disposal during the year	(25)	-	(25)
Reduction of share capital during the year	(1)	-	(1)
Net gain recognised in profit or loss	37	(1)	36
Balance as at 31 December 2021	767	24	791

Key assumptions used in the valuation are summarised below.

Financial Instruments	Valuation technique	Significant unobservable inputs	Rates	Sensitivity of the input to fair value
Investments in non-marketable equity instruments	Discounted future cash flows	Terminal growth rate	0%, 0.5%	1% increase in the terminal growth rate would result in an increase in fair value by Baht 52 million.
		Equity risk premium	10.80%	1% increase in the equity risk premium would result in a decrease in fair value by Baht 52 million.

Fair value of investments in private debt securities is wholly determined using yield rates quoted by the Thai Bond Market Association. However, as they are investments in companies with weak financial positions and poor operating results, they are categorised within level 3, and sensitivity of the input to fair value has not been calculated.

4. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend
		Preference	Ordinary	dividend paid	payment period
		share	share	(Million Baht)	
		(Baht per share)	(Baht per share)		
Interim dividends for 2019	The 2/2020 Meeting of the Board of Directors on 10 April 2020	1.06	1.06	977	May 2020
Interim dividends for 2020	The 7/2020 Meeting of the Board of Directors on 17 December 2020	2.05	2.05	1,889	January 2021
Total dividend payment in year 2020				<u>2,866</u>	
Interim dividends for 2021	The 7/2021 Meeting of the Board of Directors on 20 December 2021	2.17	2.17	2,000	January 2022
Total dividend payment in year 2021				<u>2,000</u>	

5. Approval of financial statements

These financial statements were approved by the Bank's Audit Committee on 10 February 2022.