

TISCO Bank Public Company Limited
Report and financial statements
30 June 2022

Independent Auditor's Report

To the Shareholders of TISCO Bank Public Company Limited

Report on Audit of Financial Statements

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 30 June 2022, and the related statements of comprehensive income, changes in equity and cash flows for the six-month period 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 30 June 2022, its financial performance and cash flows for the six-month period 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.

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.
- 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.

Review Report of Interim Financial Information

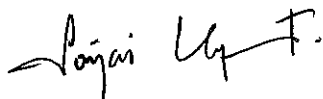
I have reviewed the accompanying statements of comprehensive income for the three-month period ended 30 June 2022 of TISCO Bank Public Company Limited as well as the notes to the interim financial statements (collectively "Interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting and the Bank of Thailand's regulations.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 22 August 2022

TISCO Bank Public Company Limited

Statements of financial position

As at 30 June 2022

(Unit: Thousand Baht)

	Note	30 June 2022	31 December 2021
Assets			
Cash		1,016,935	1,099,506
Interbank and money market items - net	3.2, 3.8	31,423,587	29,061,631
Financial assets measured at fair value through profit or loss	3.3	929,921	773,736
Investments - net	3.5, 3.8	5,911,136	6,876,196
Loans to customers and accrued interest receivables	3.6, 3.8		
Loans to customers		212,269,424	212,965,777
Accrued interest receivables and undue interest income		1,398,037	1,483,528
Total loans to customers and accrued interest receivables		213,667,461	214,449,305
Less: Deferred revenue		(15,244,023)	(15,568,269)
Less: Allowance for expected credit loss	3.7	(10,289,363)	(10,666,196)
Total loans to customers and accrued interest receivables - net		188,134,075	188,214,840
Properties foreclosed - net	3.9	100,750	119,808
Investment properties	3.10	28,152	28,152
Premises and equipment - net	3.11	704,703	717,845
Right-of-use assets - net	3.12	335,140	393,671
Intangible assets - net	3.13	24,857	32,652
Deferred tax assets	3.30	60,488	88,182
Other assets	3.14	1,075,754	1,208,935
Total assets		229,745,498	228,615,154

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

TISCO Bank Public Company Limited
Statements of financial position (continued)
As at 30 June 2022

(Unit: Thousand Baht)

	Note	30 June 2022	31 December 2021
Liabilities and equity			
Liabilities			
Deposits	3.15	170,957,528	167,925,319
Interbank and money market items	3.16	5,895,438	7,931,816
Liabilities payable on demand		245,378	274,432
Derivatives liabilities	3.4	46,505	3,385
Debts issued and borrowings	3.17	8,476,919	8,896,919
Lease liabilities	3.18	327,877	386,122
Provisions	3.19	791,857	832,785
Accrued interest payable		394,050	469,942
Income tax payable		472,852	371,506
Dividend payable		-	1,999,802
Other liabilities	3.20	5,212,382	4,858,341
Total liabilities		192,820,786	193,950,369

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

TISCO Bank Public Company Limited
Statements of financial position (continued)
As at 30 June 2022

(Unit: Thousand Baht)

	Note	30 June 2022	31 December 2021
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	295,267	302,640
Retained earnings			
Appropriated - statutory reserve		984,000	984,000
Unappropriated		23,886,744	21,619,444
		<u>36,924,712</u>	<u>34,664,785</u>
Total equity		<u>36,924,712</u>	<u>34,664,785</u>
Total liabilities and equity		<u>229,745,498</u>	<u>228,615,154</u>

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


 Mr. Sakchai Peechapat

(Chairman of the Executive Board)



ธนาคารอิสลาม จำกัด (มหาชน)
 TISCO Bank Public Company Limited



Mr. Metha Pingsuthiwong

(President)

(Unaudited but reviewed)

TISCO Bank Public Company Limited
Statements of comprehensive income
For the three-month period ended 30 June 2022

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

	Note	2022	2021
Profit or loss:			
Interest income	3.24	3,255,751	3,413,394
Interest expenses	3.25	(487,162)	(589,316)
Net interest income		2,768,589	2,824,078
Fee and service income		407,799	401,710
Fee and service expenses		(27,695)	(18,614)
Net fee and service income	3.26	380,104	383,096
Net gain on financial instruments measured at fair value through profit or loss	3.27	129,917	27,084
Net gain on investments	3.28	2,306	726
Penalty fee income from loans		34,346	37,465
Other operating income		33,477	22,330
Total operating income		3,348,739	3,294,779
Operating expenses			
Employee expenses		830,531	617,858
Premises and equipment expenses		283,077	322,767
Taxes and duties		57,825	57,753
Intercompany supporting fee expenses	3.32	607,663	582,392
Other operating expenses		127,721	172,503
Total operating expenses		1,906,817	1,753,273
Expected credit loss	3.29	32,428	376,008
Profit from operations before income tax expenses		1,409,494	1,165,498
Income tax expenses	3.30	281,493	232,889
Profit for the period		1,128,001	932,609

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

(Unaudited but reviewed)

TISCO Bank Public Company Limited
Statements of comprehensive income (continued)
For the three-month period ended 30 June 2022

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

	Note	2022	2021
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(6,552)	(1,738)
Income tax effects	3.30	1,310	348
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(5,242)	(1,390)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain		73,333	2,965
Income tax effects	3.30	(14,667)	(593)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		58,666	2,372
Other comprehensive income for the period		53,424	982
Total comprehensive income for the period		1,181,425	933,591
Earnings per share			
Basic earnings per share (Baht per share)	3.31	1.22	1.01

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

TISCO Bank Public Company Limited
Statements of comprehensive income
For the six-month period ended 30 June 2022

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

	Note	2022	2021
Profit or loss:			
Interest income	3.24	6,459,420	6,865,535
Interest expenses	3.25	(965,902)	(1,244,697)
Net interest income		5,493,518	5,620,838
Fee and service income		836,182	887,458
Fee and service expenses		(49,569)	(39,085)
Net fee and service income	3.26	786,613	848,373
Net gain on financial instruments measured at fair value through profit or loss	3.27	136,336	84,217
Net gain on investments	3.28	652	3,824
Penalty fee income from loans		67,997	79,917
Other operating income		81,500	65,899
Total operating income		6,566,616	6,703,068
Operating expenses			
Employee expenses		1,621,194	1,173,434
Premises and equipment expenses		563,557	615,842
Taxes and duties		113,690	117,751
Intercompany supporting fee expenses	3.32	1,203,053	1,163,980
Other operating expenses		272,806	331,048
Total operating expenses		3,774,300	3,402,055
Expected credit loss	3.29	36,225	1,032,591
Profit from operations before income tax expenses		2,756,091	2,268,422
Income tax expenses	3.30	548,612	453,524
Profit for the period		2,207,479	1,814,898

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

TISCO Bank Public Company Limited
Statements of comprehensive income (continued)
For the six-month period ended 30 June 2022

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

	Note	2022	2021
Other comprehensive income:			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income		(8,061)	(6,165)
Income tax effects	3.30	1,612	1,233
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax (loss)		(6,449)	(4,932)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain		73,333	2,965
Income tax effects	3.30	(14,667)	(593)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		58,666	2,372
Other comprehensive income for the period (loss)		52,217	(2,560)
Total comprehensive income for the period		2,259,696	1,812,338
Earnings per share			
Basic earnings per share (Baht per share)	3.31	2.40	1.97

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

TISCO Bank Public Company Limited**Statements of cash flows****For the six-month period ended 30 June 2022**

	(Unit: Thousand Baht)	
	2022	2021
Cash flows from operating activities		
Profit from operations before income tax	2,756,091	2,268,422
Adjustments to reconcile profit from operations before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	113,966	152,470
Expected credit loss	844,723	1,846,951
Allowance for impairment of properties foreclosed (reversal)	(264)	973
Gain on disposal of investments in securities	(185)	(31,132)
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(49,315)	39,312
Gain on financial instruments measured at fair value through profit or loss	(156,185)	(45,494)
(Gain) loss on disposal/write-off of equipment and intangible assets	(699)	1,847
Gain on disposal of properties foreclosed	(23,618)	(12,159)
Employee benefit expenses	36,359	7,870
Decrease in accrued income	21,222	14,954
Increase in accrued expenses	679,568	210,457
Net interest income	(5,493,518)	(5,620,838)
Dividend income	(32,004)	(34,310)
Cash received on interest income	6,524,785	6,894,790
Cash paid on interest expenses	(828,422)	(1,232,164)
Cash received on dividend income	32,004	34,290
Cash paid on income tax	(432,396)	(338,800)
Profit from operating activities before changes in operating assets and liabilities	3,992,112	4,157,439

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

TISCO Bank Public Company Limited
Statements of cash flows (continued)
For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

	2022	2021
Operating assets (increase) decrease		
Interbank and money market items	(2,362,718)	5,800,606
Loans to customers	(802,183)	12,965,295
Properties foreclosed	22,884	(35,257)
Other assets	159,343	164,738
Operating liabilities increase (decrease)		
Deposits	3,032,209	(22,662,153)
Interbank and money market items	(2,036,378)	1,658,048
Liabilities payable on demand	(29,054)	(1,040,039)
Short-term debts issued and borrowings	-	(2,320,000)
Provision for long-term employee benefits	(4,853)	(5,121)
Other liabilities	(455,708)	(397,063)
Net cash flows from (used in) operating activities	1,515,654	(1,713,507)
Cash flows from investing activities		
Cash paid for purchase of investments in securities	(6,202,564)	(5,909,924)
Cash received from disposal of investments in securities	7,120,549	9,427,842
Cash paid for purchase of building improvements, equipment and vehicles	(12,360)	(1,895)
Cash paid for purchase of intangible assets	(1,144)	(3,130)
Cash received from disposal of equipment	699	7
Net cash flows from investing activities	905,180	3,512,900
Cash flows from financing activities		
Cash received from issuance of long-term debentures	2,800,000	-
Cash paid for redemption of long-term debentures	(3,220,000)	-
Cash paid on lease liabilities	(83,603)	(75,881)
Dividend paid	(1,999,802)	(1,889,214)
Net cash flows used in financing activities	(2,503,405)	(1,965,095)
Net decrease in cash	(82,571)	(165,702)
Cash at beginning of the period	1,099,506	1,215,903
Cash at end of the period	1,016,935	1,050,201
	-	
Supplement cash flows information		
Non-cash transactions		
Right-of-use assets	24,263	8,396
Transfer-in of properties foreclosed in settlement of loans to customers	765,728	677,048

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

TISCO Bank Public Company Limited

Statements of changes in equity

For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

	Issued and fully paid-up		Share premium on ordinary shares	Other components of equity			Retained earnings		
	Preference shares	Ordinary shares		Surplus (deficit) on changes in value of investments			Appropriated	Unappropriated	Total
				measured at fair value through other comprehensive income	Surplus on revaluation of assets	Total			
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
Profit for the period	-	-	-	-	-	-	-	1,814,898	1,814,898
Other comprehensive income for the period (loss)	-	-	-	(4,932)	-	(4,932)	-	2,372	(2,560)
Total comprehensive income for the period (loss)	-	-	-	(4,932)	-	(4,932)	-	1,817,270	1,812,338
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(924)	(924)	-	1,154	230
Balance as at 30 June 2021	1	9,215,676	2,543,024	138	303,475	303,613	984,000	21,421,760	34,468,074
Balance as at 1 January 2022	1	9,215,676	2,543,024	104	302,536	302,640	984,000	21,619,444	34,664,785
Profit for the period	-	-	-	-	-	-	-	2,207,479	2,207,479
Other comprehensive income for the period (loss)	-	-	-	(6,449)	-	(6,449)	-	58,666	52,217
Total comprehensive income for the period (loss)	-	-	-	(6,449)	-	(6,449)	-	2,266,145	2,259,696
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	(924)	(924)	-	1,155	231
Balance as at 30 June 2022	1	9,215,676	2,543,024	(6,345)	301,612	295,267	984,000	23,886,744	36,924,712

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

TISCO Bank Public Company Limited
Notes to financial statements
For the six-month period ended 30 June 2022

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

1.1 Basis for preparation of financial statements

The financial statements for the six-month period ended 30 June 2022 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 statement of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2022 were prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, whereby the Bank chose to present the statement of comprehensive income and notes to the financial statements in the full format, as presented in the annual financial statements.

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 period

During the period of 2022, the Bank has adopted the revised financial reporting standards which are effective for fiscal year 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 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 Accounting guidance that became effective in the current period

The Federation of Accounting Professions has announced Accounting Guidance on 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 guidelines of the BOT. The accounting guidance is applicable for provisions of assistance to such debtors made during the period from 1 January 2022 to 31 December 2023 or until the BOT makes changes.

Under this accounting guidance, the Bank may elect to adopt accounting treatments consistent with the circular of the BOT No. BOT.RPD2.C. 802/2564 dated 3 September 2021 "Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)". The assistance to debtors can be classified into 2 groups by debt restructuring method as follows:

1. Debt restructuring for the purpose of reducing the debt burden of debtors that involves more than just a payment timeline extension (Assistance type 1). For this type of debt restructuring, the Bank may elect to apply the temporary relief measures relating to staging assessment and setting aside of provisions, whereby:
 - 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 (Underperforming or Stage 2) only when principal or interest payments are more than 30 days past due or 1 month past due, counting from the due date.
 - 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.
2. Debt restructuring involving only a payment 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 (Assistance type 2). For this type of debt restructuring, the Bank is required to perform staging assessment and set aside provisions in accordance with the relevant financial reporting standards. However, the Bank may elect to adopt treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C. 802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2.

For both types of assistance, the Bank may determine expected credit loss based on the outstanding balance of the drawn down portion only.

During the six-month period ended 30 June 2022, the Bank provided both types of assistance to debtors. However, it has elected to comply with the staging assessment and the setting aside of provisions in accordance with the relevant financial reporting standards, and has only adopted treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT as mentioned above to assess whether a debtor is to move to under-performing stage or Stage 2 only for some types of loans.

1.4 Significant accounting policies

1.4.1 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.

1.4.2 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.

1.4.3 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.

1.4.4 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.

1.4.5 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).

1.4.6 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.

1.4.7 Allowance for expected credit loss on financial assets

The Bank applies the General Approach to calculate allowance for 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 allowance for 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 allowance for 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.

In addition, the Bank has only adopted treatments regarding significant increase in credit risk according to the appendix to the circular of the BOT No. BOT.RPD2.C. 802/2564 to assess whether a debtor is to move to under-performing stage or Stage 2 only for some types of loans.

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 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.

1.4.8 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 provided assistance to during the years 2020 - 2021 in accordance with measures as specified in the circulars of the BOT, the Bank did not consider whether modification of terms results in derecognition, but in cases where the existing effective interest rate did not reflect the estimated cash flows that were expected to be recoverable, it applied a newly calculated effective interest rate to determine the present value of the restructured loans and to recognise interest income.

1.4.9 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.

1.4.10 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 period in which the asset is derecognised.

1.4.11 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, subsequently revalued by an independent professional appraiser, and then recorded at revalued amount. 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.

1.4.12 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.

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. The Bank applies a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, 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 period 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.

1.4.13 Intangible assets

The Bank initially recognises intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and 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

1.4.14 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.

1.4.15 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 periods. Such reversal is recognised immediately in profit or loss in the statement of comprehensive income.

1.4.16 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.

1.4.17 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.

1.4.18 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 plans. The Bank treats these severance payment obligations as a defined benefit plan. In addition, the Bank provides other long-term employee benefit plans, 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.

1.4.19 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.

1.4.20 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 gain (loss) on 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.

1.4.21 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.

1.4.22 Financial instruments

a) Financial risk management

The Bank has financial risks associated with financial instruments and has financial risk management policy as 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 period 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.

1.4.23 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 30 June 2022, the Bank has 54 branches in Thailand (31 December 2021: 55 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 a classification of significant financial assets and financial liabilities as follows:

(Unit: Thousand Baht)

	As at 30 June 2022			
	Financial instruments measured at fair value through profit or loss	Financial instruments measured at fair value through other comprehensive income	Financial instruments measured at amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	1,016,935	1,016,935
Interbank and money market items	-	-	31,423,587	31,423,587
Financial assets measured at fair value				
through profit or loss	929,921	-	-	929,921
Investments	-	5,911,136	-	5,911,136
Loans to customers and accrued interest				
receivables	-	-	188,134,075	188,134,075
Other assets - fee and service receivables	-	-	112,301	112,301
Other assets - other receivables	-	-	448,321	448,321
<u>Financial liabilities</u>				
Deposits	-	-	170,957,528	170,957,528
Interbank and money market items	-	-	5,895,438	5,895,438
Liabilities payable on demand	-	-	245,378	245,378
Derivatives liabilities	46,505	-	-	46,505
Debts issued and borrowings	-	-	8,476,919	8,476,919
Lease liabilities	-	-	327,877	327,877
Accrued interest payable	-	-	394,050	394,050

(Unit: Thousand Baht)

	As at 31 December 2021			
	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	-	-	1,099,506	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

3.2 Interbank and money market items (assets)

(Unit: Thousand Baht)

	As at					
	30 June 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,560,647	-	1,560,647	1,701,363	-	1,701,363
Commercial banks	361,964	16,000,000	16,361,964	158,503	11,200,000	11,358,503
Specialised Financial Institutions	321	13,500,000	13,500,321	348	16,000,000	16,000,348
Total	1,922,932	29,500,000	31,422,932	1,860,214	27,200,000	29,060,214
Add: Accrued interest receivables	18	1,126	1,144	13	1,631	1,644
Less: Allowance for expected credit loss	(489)	-	(489)	(227)	-	(227)
Total domestic	1,922,461	29,501,126	31,423,587	1,860,000	27,201,631	29,061,631

As at 30 June 2022 and 31 December 2021, 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

	30 June 2022	31 December 2021
Commercial banks	16,000,000	11,200,000
Specialised Financial Institutions	13,500,000	16,000,000

Fair value of securities received as collateral is as follows:

(Unit: Thousand Baht)

Fair value of securities received as collateral
as at

	30 June 2022	31 December 2021
Commercial banks	15,947,400	11,332,000
Specialised Financial Institutions	13,678,300	16,162,500

3.3 Financial assets measured at fair value through profit or loss

(Unit: Thousand Baht)

As at

Investments	30 June 2022		31 December 2021	
	Cost	Fair value	Cost	Fair value
Others				
Domestic marketable equity instruments	9,320	5,960	9,320	6,440
Domestic non-marketable equity instruments	220,274	923,961	220,274	767,296
	229,594	929,921	229,594	773,736
Add: Allowance for changes in value	700,327		544,142	
Total	929,921		773,736	

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					
	30 June 2022			31 December 2021		
	Fair value of investments	Unpaid amount	Percentage of holding (%)	Fair value of investments	Unpaid amount	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	1,366	300	10	1,297	300	10
Trading import and export:						
Juki (Thailand) Co., Ltd.	5,778	-	10	4,240	-	10
PDTL Trading Co., Ltd.	3,801	-	10	3,743	-	10
Wattana Inter-Trade Co., Ltd.	23,205	-	10	21,008	-	10
Real estate:						
UMI Property Co., Ltd.	3,041	-	10	3,907	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	8,243	-	10	9,536	-	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					
	30 June 2022			31 December 2021		
	Fair value		Notional amount	Fair value		Notional amount
Assets	Liabilities	Assets		Liabilities		
Exchange rate	-	46,505	1,734,792	-	3,385	1,512,926
Total	-	46,505	1,734,792	-	3,385	1,512,926

All counterparties of these derivatives transactions are financial institutions.

3.5 Investments

3.5.1 Investments classified by type of investments

As at 30 June 2022 and 31 December 2021, investments classified by type of investments are as follows:

(Unit: Thousand Baht)

	As at			
	30 June 2022		31 December 2021	
	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	5,875,077	5,866,726	6,852,066	6,851,826
Private sector debt securities	71,465	44,410	51,460	24,370
	5,946,542	5,911,136	6,903,526	6,876,196
Less: Allowance for changes in value	(35,406)		(27,330)	
Total	5,911,136		6,876,196	
Allowance for expected credit loss	27,475		27,460	
Investments in debt instruments				
measured at amortised cost				
Investments in receivables	8,903		11,958	
Less: Allowance for expected credit loss	(8,903)		(11,958)	
Total	-		-	
Total investments	5,911,136		6,876,196	

3.5.2 Investments subject to restrictions

(Unit: Million Baht)

Type of investments	As at		Type of restrictions
	30 June 2022	31 December 2021	
Government debt securities	2	2	Pledge for electricity usage

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

As at 30 June 2022 and 31 December 2021, 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					
	30 June 2022			31 December 2021		
	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	24,370	27,460

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by type of loans to customers

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
Loans to customers		
Overdrafts	9,736	25,102
Loans	91,221,006	88,511,952
Hire purchase receivables	121,038,682	124,428,723
Less: Deferred revenue	(15,244,023)	(15,568,269)
Total loans to customers	197,025,401	197,397,508
Add: Accrued interest receivables and undue interest income	1,398,037	1,483,528
Total loans to customers and accrued interest receivables	198,423,438	198,881,036
Less: Allowance for expected credit loss	(10,289,363)	(10,666,196)
Loans to customers and accrued interest receivables - net	188,134,075	188,214,840

3.6.2 Classified by residency of debtors

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
Loans to customers net of deferred revenue		
- Domestic	187,505,065	187,946,934
- Foreign	9,520,336	9,450,574
Total	197,025,401	197,397,508

3.6.3 Classified by loan classification

(Unit: Thousand Baht)

	As at			
	30 June 2022		31 December 2021	
	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)	173,683,331	6,458,201	172,789,920	6,357,689
Financial assets with significant increase in credit risk (Under-performing)	20,756,442	2,694,041	21,555,713	3,002,574
Financial assets that are credit-impaired (Non-performing)	3,983,665	1,137,121	4,535,403	1,305,933
Total	<u>198,423,438</u>	<u>10,289,363</u>	<u>198,881,036</u>	<u>10,666,196</u>

During the period of 2022, the Bank entered into the scheme to provide additional assistance to affected debtors in accordance with 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)”. As at 30 June 2022, the Bank’s outstanding loan balance under the relief measures totalled Baht 12,878 million. The balance consists of the debtors under principal holiday scheme (still subject to payments of interest) or installment reduction (subject to partial payments of principal and interest), and the debtors receiving other forms of debt relief, for which the Bank complies with the staging assessment and the setting aside of provision in accordance with the relevant financial reporting standards.

3.6.4 Classified by loan classification and type of debtors

As at 30 June 2022 and 31 December 2021, loans to customers classified by loan classification and type of debtors are as follows:

(Unit: Million Baht)

	As at 30 June 2022							
	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)	91,580	3,183	22,820	1,048	59,283	2,227	173,683	6,458
Financial assets with significant increase in credit risk (Under-performing)	13,080	1,463	4,599	486	3,077	745	20,756	2,694
Financial assets that are credit-impaired (Non-performing)	1,915	529	731	238	1,338	370	3,984	1,137
Total	106,575	5,175	28,150	1,772	63,698	3,342	198,423	10,289

(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

3.6.5 Hire purchase receivables

As at 30 June 2022, receivables of the Bank under hire purchase agreements amount to Baht 106,575 million (31 December 2021: Baht 109,683 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 30 June 2022					
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	37,048	73,737	3,934	6,319	121,038
Less: Deferred revenue ⁽¹⁾	(4,346)	(6,107)	(151)	(4,467)	(15,071)
Present value of minimum lease payment from agreements	32,702	67,630	3,783	1,852	105,967
Accrued interest receivables	545	-	-	63	608
Total	33,247	67,630	3,783	1,915	106,575
Allowance for expected credit loss					(5,175)
Net hire purchase receivables					101,400

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

(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.

3.6.6 Troubled debt restructuring

As at 30 June 2022 and 31 December 2021, the Bank has outstanding balances with troubled debt restructuring debtors as follows:

	As at			
	30 June 2022		31 December 2021	
	Number of debtors	Outstanding balances (Million Baht)	Number of debtors	Outstanding balances (Million Baht)
Balances of restructured debts	1,829	1,016	4,586	1,812

3.7 Allowance for expected credit loss

As at 30 June 2022 and 31 December 2021, the Bank has allowance for expected credit loss classified by type of financial assets as follows:

	For the six-month period ended 30 June 2022				(Unit: Thousand Baht)
	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	Total
	Interbank and money market items (assets)				
Balance - beginning of period	227	-	-	-	227
Changes from revaluation of allowance for credit loss	262	-	-	-	262
Balance - end of period	489	-	-	-	489
Investments in debt instruments measured at fair value through other comprehensive income					
Balance - beginning of period	-	-	27,460	-	27,460
New financial assets purchased or acquired	97	-	-	-	97
Derecognition	(82)	-	-	-	(82)
Balance - end of period	15	-	27,460	-	27,475

(Unit: Thousand Baht)

For the six-month period ended 30 June 2022

	Financial assets				Total
	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	
Investments in debt instruments measured at amortised cost					
Balance - beginning of period	-	-	11,958	-	11,958
Changes from revaluation of allowance for credit loss	-	-	(3,055)	-	(3,055)
Balance - end of period	-	-	8,903	-	8,903
Loans to customers and accrued interest receivables					
Balance - beginning of period	6,357,689	3,002,574	1,305,933	-	10,666,196
Changes from transfers among stages	132,435	(208,103)	75,668	-	-
Changes from revaluation of allowance for credit loss	(840,441)	(53,045)	1,014,673	-	121,187
New financial assets purchased or acquired	1,175,157	162,352	20,814	-	1,358,323
Derecognition	(366,639)	(209,737)	(156,516)	-	(732,892)
Write-off	-	-	(1,123,451)	-	(1,123,451)
Balance - end of period	6,458,201	2,694,041	1,137,121	-	10,289,363
Other assets - accrued interest receivables on investments					
Balance - beginning of period	-	-	196	-	196
Changes from revaluation of allowance for credit loss	-	-	179	-	179
Balance - end of period	-	-	375	-	375
Other assets - other receivables					
Balance - beginning of period	-	-	-	1,872	1,872
Changes from revaluation of allowance for credit loss	-	-	-	1,148	1,148
Derecognition	-	-	-	(590)	(590)
Write-off	-	-	-	(7)	(7)
Balance - end of period	-	-	-	2,423	2,423

(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	Total
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	<u>227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227</u>
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	<u>-</u>	<u>-</u>	<u>27,460</u>	<u>-</u>	<u>-</u>	<u>27,460</u>
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	<u>-</u>	<u>-</u>	<u>11,958</u>	<u>-</u>	<u>-</u>	<u>11,958</u>

(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	Total
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 purchased or acquired	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	<u>6,357,689</u>	<u>3,002,574</u>	<u>1,305,933</u>	<u>-</u>	<u>-</u>	<u>10,666,196</u>
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	<u>-</u>	<u>-</u>	<u>196</u>	<u>-</u>	<u>-</u>	<u>196</u>
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,872</u>	<u>1,872</u>

3.8 Classification of assets

3.8.1 Classification of assets under the BOT's guidelines

As at 30 June 2022 and 31 December 2021, classification of financial assets is as follows:

(Unit: Thousand Baht)

As at 30 June 2022					
Financial assets					
	Debt instruments measured at fair value		Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	
	Interbank and money market items	through other comprehensive income		Total	
Financial assets with no significant increase in credit risk (Performing)	31,424,076	5,886,766	-	173,683,331	210,994,173
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	20,756,442	20,756,442
Financial assets that are credit-impaired (Non-performing)	-	24,370	8,903	3,983,665	4,016,938
Total	31,424,076	5,911,136	8,903	198,423,438	235,767,553

(Unit: Thousand Baht)

As at 31 December 2021					
Financial assets					
	Debt instruments measured at fair value		Debt instruments measured at amortised cost	Loans to customers and accrued interest receivables	
	Interbank and money market items	through other comprehensive income		Total	
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

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

	Number of debtors		Loans to customers and accrued interest receivables				Allowance for expected credit loss provided in the accounts	
	as at		as at		as at		as at	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021
			(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	412	476	292	300	412	476
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	11	10	889	641	574	411	64	86
Total	12	11	1,301	1,117	866	711	476	562

3.9 Properties foreclosed

	(Unit: Thousand Baht)	
	For the six-month period ended	For the year ended
	30 June 2022	31 December 2021
Acquisition of assets from debt repayment - Movable assets		
Balance - beginning of period	136,100	29,508
Additions	765,728	2,060,728
Disposals	(788,612)	(1,954,136)
Balance - end of period	113,216	136,100
Less: Allowance for impairment		
Balance - beginning of period	16,292	841
Increase	24,439	50,849
Decrease	(28,265)	(35,398)
Balance - end of period	12,466	16,292
Total properties foreclosed - net	100,750	119,808

3.10 Investment properties

The book value of investment properties as at 30 June 2022 and 31 December 2021 is as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
Book value - beginning of period	28,152	28,152
Gain (loss) on changes in fair value	-	-
Book value - end of period	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	Result to fair value where
	the appraisal date	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 30 June 2022 and 31 December 2021 as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
Not over 1 year	1,975	1,975
Over 1 year but not over 3 years	1,343	2,330
Total	3,318	4,305

During the six-month periods ended 30 June 2022 and 2021, the Bank has rental income of Baht 2 million.

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 2021	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
Additions/transfers-in	-	-	9,789	2,571	-	12,360
Disposals/write-offs/ transfers-out	(343)	-	(5,511)	(3,673)	(1,338)	(10,865)
As at 30 June 2022	633,889	17,509	408,075	390,619	49,690	1,499,782
<u>Accumulated depreciation:</u>						
As at 1 January 2021	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
Depreciation for the period	5,084	-	8,131	9,136	3,041	25,392
Depreciation on disposals/ write-offs/transfers-out	(235)	-	(5,511)	(3,671)	(1,338)	(10,755)
As at 30 June 2022	35,635	-	368,992	360,578	29,874	795,079
<u>Net book value:</u>						
As at 31 December 2021	603,446	17,509	37,425	36,608	22,857	717,845
As at 30 June 2022	598,254	17,509	39,083	30,041	19,816	704,703
Depreciation for the six-month periods ended 30 June:						
2021						29,146
2022						25,392

As at 30 June 2022 and 31 December 2021, 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 627 million and Baht 635 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 30 June 2022 and 31 December 2021 would have been as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
Office condominiums - net of accumulated depreciation	210,559	214,597

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 six-month period ended 30 June 2022 and for the year ended 31 December 2021 are as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended	For the year ended
	30 June 2022	31 December 2021
Book value - beginning of period	393,671	466,673
Additions	11,800	87,958
Contract amendment	12,463	3,724
Contract termination	(3,159)	(2,812)
Depreciation for the period	(79,635)	(161,872)
Book value - end of period	335,140	393,671

3.13 Intangible assets

The book value of intangible assets - computer software as at 30 June 2022 and 31 December 2021 is presented as follows:

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
Cost	869,228	868,084
Less: Accumulated amortisation	(844,371)	(835,432)
Net book value	<u>24,857</u>	<u>32,652</u>

A reconciliation of the net book value of intangible assets for the six-month period ended 30 June 2022 and for the year ended 31 December 2021 is presented as follows:

(Unit: Thousand Baht)

	For the six-month period ended	For the year ended
	30 June 2022	31 December 2021
Book value - beginning of period	32,652	90,770
Acquisitions of computer software	1,144	4,775
Amortisation	(8,939)	(62,893)
Book value - end of period	<u>24,857</u>	<u>32,652</u>

As at 30 June 2022 and 31 December 2021, 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 770 million and Baht 766 million, respectively.

3.14 Other assets

(Unit: Thousand Baht)

As at

	30 June 2022	31 December 2021
Value added tax - net	329,615	330,558
Accrued interest receivables	7,128	30,641
Fee and service receivables	112,301	133,523
Deposits	56,078	55,262
Other receivables	448,321	456,091
Other assets	122,311	202,860
Total other assets	<u>1,075,754</u>	<u>1,208,935</u>

3.15 Deposits

3.15.1 Classified by type of deposits

(Unit: Thousand Baht)

As at

	30 June 2022	31 December 2021
Deposits		
Current accounts	3,710,416	3,385,477
Saving accounts	46,443,953	46,931,704
Fixed accounts		
- not over 6 months	10,644,581	9,021,296
- over 6 months but not over 1 year	21,910,645	23,680,305
- over 1 year	3,510,474	2,189,472
Certificates of deposits/negotiable certificates of deposits	84,737,459	82,717,065
Total	<u>170,957,528</u>	<u>167,925,319</u>

3.15.2 As at 30 June 2022 and 31 December 2021, 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					
	30 June 2022			31 December 2021		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand	-	3,455,266	3,455,266	-	4,364,356	4,364,356
Commercial banks	92,603	-	92,603	97,998	-	97,998
Specialised Financial Institutions	-	1,469,111	1,469,111	-	1,747,670	1,747,670
Other financial institutions	702,814	175,644	878,458	1,516,161	205,631	1,721,792
Total	795,417	5,100,021	5,895,438	1,614,159	6,317,657	7,931,816

3.17 Debts issued and borrowings

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
<u>Domestic borrowings</u>		
Subordinated unsecured debentures	5,640,000	6,640,000
Unsubordinated unsecured debentures	2,800,000	2,220,000
Bills of exchange	36,122	36,122
Promissory notes	797	797
Total	8,476,919	8,896,919

3.17.1 Subordinated unsecured debentures

As at 30 June 2022 and 31 December 2021, 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 as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
	30 June 2022	31 December 2021		30 June 2022	31 December 2021		
	(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2017	-	1.00	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	0.70	1,000	700	700	2031	3.25 percent per annum
Total				5,640	6,640		

3.17.2 Unsubordinated unsecured debentures

As at 30 June 2022 and 31 December 2021, the Bank has long-term unsubordinated unsecured debentures as follows:

Issued year	Type of debentures	Units as at		Face value (Baht per unit)	Balance as at		Maturity in the year	Interest rate
		30 June 2022	31 December 2021		30 June 2022	31 December 2021		
		(Million units)	(Million units)		(Million Baht)	(Million Baht)		
2020	Long-term debenture	-	2.22	1,000	-	2,220	2022	1.40 percent per annum
2022	Long-term debenture	2.80	-	1,000	2,800	-	2024	1.25 percent per annum
Total					<u>2,800</u>	<u>2,220</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	
	30 June 2022	31 December 2021
Balance - beginning of period	413,777	482,940
Increase during the period	15,828	101,514
Contract amendment	13,347	124
Paid during the period	(83,603)	(161,124)
Terminated during the period	(3,395)	(9,677)
Balance - end of period	355,954	413,777
Less: Deferred interest expenses	(28,077)	(27,655)
Lease liabilities - net	327,877	386,122
Current portion	(127,278)	(133,944)
Lease liabilities - net of current portion	<u>200,599</u>	<u>252,178</u>

The Bank had total cash outflows on leases during the six-month periods ended 30 June 2022 and 2021 of Baht 87 million and Baht 80 million, respectively.

Expenses relating to leases that are recognised in profit or loss for the six-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Million Baht)	
	For the six-month periods ended 30 June	
	2022	2021
Depreciation expense of right-of-use assets	80	79
Interest expense on lease liabilities	5	5
Expenses relating to variable lease payments	3	4
Total	88	88

3.19 Provisions

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
Allowance for expected credit loss on loan commitments and financial guarantees	2,704	1,806
Provision for long-term employee benefits	789,153	830,979
Total provisions	791,857	832,785

3.19.1 Allowance for expected credit loss on loan commitments and financial guarantees

As at 30 June 2022 and 31 December 2021, allowance for expected credit loss on loan commitments and financial guarantees by classification is as follows:

	(Unit: Thousand Baht)			
	As at			
	30 June 2022		31 December 2021	
	Loan commitments and financial guarantees	Allowance for expected credit loss	Loan commitments and financial guarantees	Allowance for expected credit loss
Financial assets with no significant increase in credit risk (Performing)	2,204,699	2,704	1,242,791	1,806
Financial assets with significant increase in credit risk (Under-performing)	-	-	-	-
Financial assets that are credit- impaired (Non-performing)	-	-	-	-
Total	2,204,699	2,704	1,242,791	1,806

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

(Unit: Thousand Baht)

	For the six-month period ended		For the year ended	
	30 June 2022		31 December 2021	
Financial assets with no significant increase in credit risk		Total	Financial assets with no significant increase in credit risk	Total
Balance - beginning of period	1,806	1,806	14,716	14,716
Changes from revaluation of allowance for credit loss/new financial assets/derecognition	898	898	(12,910)	(12,910)
Balance - end of period	2,704	2,704	1,806	1,806

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 six-month period ended	For the year ended
	30 June 2022	31 December 2021
Defined post-employment benefit obligation at beginning of period	662,039	633,236
Current service cost	24,356	50,145
Interest cost	7,119	11,190
Benefits paid during the period	(267)	(18,299)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	18,603	68,614
Financial assumptions changes	(124,996)	(98,390)
Other assumptions changes	33,060	15,543
Defined post-employment benefit obligation at end of period	619,914	662,039
Other long-term benefits	169,239	168,940
Total provision for long-term employee benefits at end of period	789,153	830,979

Long-term employee benefit expenses included in profit or loss for the six-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Thousand Baht)	
	For the six-month periods ended 30 June	
	2022	2021
Current service cost	32,368	33,918
Interest cost	8,527	5,699
Actuarial gain	(4,536)	(31,747)
Total employee benefit expenses	<u>36,359</u>	<u>7,870</u>

As at 30 June 2022, the Bank expects to pay Baht 54 million in contributions to its provision for long-term employee benefits during the next year (31 December 2021: Baht 48 million).

As at 30 June 2022 and 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits is 15 years and 16 years, respectively.

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

	(Unit: Percent per annum)	
	As at	
	30 June 2022	31 December 2021
Discount rate	1.00 - 5.52	0.51 - 3.32
Average salary increase rate	5.00	5.00
Turnover rate	0.72 - 7.88	0.88 - 9.26

The results of sensitivity analysis for significant assumptions that affect the increase (decrease) in the present value of the employee benefit obligation as at 30 June 2022 and 31 December 2021 are summarised below.

	(Unit: Thousand Baht)			
	As at			
	30 June 2022		31 December 2021	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(17,211)	17,926	(19,700)	20,564
Average salary increase rate	17,650	(17,033)	20,032	(19,298)
Turnover rate	(1,879)	1,879	(2,069)	2,069

3.20 Other liabilities

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
Withholding income tax and other tax payables	157,066	331,684
Accrued insurance premium	164,272	238,966
Deferred income	1,581,319	1,564,645
Accrued expenses	1,956,319	1,276,751
Suspense creditors	866,502	1,028,283
Other liabilities	486,904	418,012
Total other liabilities	5,212,382	4,858,341

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 partly 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 30 June 2022, the Bank has accrued bonus under this scheme amounting to Baht 166 million (31 December 2021: Baht 146 million), and recognised expenses in profit or loss during the six-month period ended 30 June 2022 amounting to Baht 20 million (30 June 2021: Baht 32 million).

As at 31 December 2021, the above other liabilities include advances received from Electronic Funds Transfer transactions amounting to Baht 3 million (30 June 2022: no outstanding balance). In addition, the Bank maintained an asset amounting to Baht 10 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 30 June 2022 (31 December 2021: Baht 14 million).

3.21 Preference shares converted to ordinary shares

Up to 30 June 2022 and 31 December 2021, preference shares have been converted into ordinary shares totalling 627,952,146 shares.

As at 30 June 2022 and 31 December 2021, 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 and SME business loans that are qualified to the specified requirements, and for equity exposure and other assets. For such loans that are not qualified to the requirements and other loans, the Standardized Approach (SA) is implemented to maintain capital adequacy ratio.

Regarding Capital funds as at 30 June 2022 and 31 December 2021, the Bank has allocated the additional reserve from loan classification as part of regulatory capital funds. Such reserve has been allocated to Tier 1 capital and Tier 2 capital based on method under the BOT's regulations.

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

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
<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	20,417,489	18,463,500
Other components of equity	295,267	302,640
Less: Deductions from Common Equity Tier I items	(114,536)	(137,200)
Total Common Equity Tier I capital	33,340,920	31,371,640
<u>Financial Instrument Tier I capital</u>		
Issued and fully paid-up share capital - non-cumulative preference shares	1	1
Total Tier I capital	33,340,921	31,371,641
<u>Tier II capital</u>		
Long-term subordinated debentures	5,640,000	6,640,000
Surplus of provision	707,344	685,907
Reserve for loans classified as normal	510,133	515,890
Total Tier II capital	6,857,477	7,841,797
Total capital funds	40,198,398	39,213,438

(Unit: Percent)

Capital fund ratios	As at			
	30 June 2022		31 December 2021	
	The Bank	Requirement	The Bank	Requirement
Common Equity Tier I capital to risk assets	21.01	7.00	20.16	7.00
Tier I capital to risk assets	21.01	8.50	20.16	8.50
Total capital to risk assets	25.33	11.00	25.20	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 30 June 2022 on its website (www.tisco.co.th) by October 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 six-month period ended	For the year ended
	30 June 2022	31 December 2021
Balance - beginning of period	130	6,338
Decrease from changes in value of investments during the period	(8,061)	(6,208)
	(7,931)	130
Add (less): Effect of deferred tax asset (liabilities)	1,586	(26)
Balance - end of period	(6,345)	104

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 six-month period ended 30 June 2022	For the year ended 31 December 2021
Balance - beginning of period	378,170	380,499
Transfer to retained earnings	(1,155)	(2,329)
	377,015	378,170
Less: Effect of deferred tax liabilities	(75,403)	(75,634)
Balance - end of period	301,612	302,536

3.24 Interest income

Interest income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2022	2021	2022	2021
Interbank and money market items	35,367	40,868	70,402	83,114
Investments in debt securities	13,168	11,880	27,844	29,986
Loans to customers	1,712,118	1,744,438	3,344,690	3,505,583
Hire purchase receivables	1,495,098	1,616,208	3,016,484	3,246,852
Total interest income	3,255,751	3,413,394	6,459,420	6,865,535

Interest income for three-month and six-month periods ended 30 June 2022 included interest income on credit-impaired financial assets amounting to Baht 49 million and Baht 107 million, respectively (2021: Baht 87 million and Baht 174 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 three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Deposits	318,703	397,133	623,875	847,397
Interbank and money market items	817	1,091	1,792	2,799
Contribution fee to the Deposit Protection Agency and the Bank of Thailand	105,024	118,190	208,773	242,008
Issued debt securities				
- Subordinated debentures	51,468	62,338	108,177	123,990
- Unsubordinated debentures	8,726	7,748	18,233	22,684
Borrowings	227	227	452	452
Others	2,197	2,589	4,600	5,367
Total interest expenses	487,162	589,316	965,902	1,244,697

3.26 Net fee and service income

Net fee and service income in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Fee and service income				
- Acceptance, aval and guarantees	2,496	1,537	6,927	3,190
- Insurance service	285,993	227,998	567,132	475,070
- Others	119,310	172,175	262,123	409,198
Total fee and service income	407,799	401,710	836,182	887,458
Fee and service expenses	(27,695)	(18,614)	(49,569)	(39,085)
Net fee and service income	380,104	383,096	786,613	848,373

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 three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and derivatives on foreign exchange	(31,161)	(1,955)	(28,656)	1,836
- Debt securities	4,533	3,663	8,807	6,227
- Equity securities	156,545	25,376	156,185	76,154
Net gain on financial instruments measured at fair value through profit or loss	129,917	27,084	136,336	84,217

3.28 Net gain on investments

Net gain on investments in the statements of comprehensive income for the three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Gain on derecognition				
- Debt instruments measured at fair value through other comprehensive income	185	65	185	472
- Debt instruments measured at amortised cost	2,121	661	467	3,352
Net gain on investments	2,306	726	652	3,824

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 three-month and six-month periods ended 30 June 2022 and 2021 consisted of the following:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Expected credit loss				
- Interbank and money market items (reversal)	(1,530)	558	262	42
- Investments in debt instruments measured at amortised cost (reversal)	(4)	(248)	(3,055)	(330)
- Investments in debt instruments measured at fair value through other comprehensive income and accrued interest receivables	7	1,015	194	1,015
- Loans to customers	27,618	372,229	36,855	1,035,405
- Other receivables	171	288	551	1,829
Loss from the modification of terms				
- Loans to customers	6,456	4,366	520	6,124
Loan commitments and financial guarantees (reversal)	(290)	(2,200)	898	(11,494)
Total	32,428	376,008	36,225	1,032,591

3.30 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Current income tax:				
Income tax expenses for the period	261,833	232,901	533,742	422,725
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	19,660	(12)	14,870	30,799
Income tax expenses reported in the statement of comprehensive income	281,493	232,889	548,612	453,524

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Loss on valuation of investments in debt instruments measured at fair value through other comprehensive income	1,310	348	1,612	1,233
Actuarial gain	(14,667)	(593)	(14,667)	(593)
Income tax expenses recorded directly to other comprehensive income	(13,357)	(245)	(13,055)	640

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the three-month and six-month periods ended 30 June 2022 and 2021 is as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Accounting profit before tax	1,409,494	1,165,498	2,756,091	2,268,422
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	281,899	233,100	551,218	453,684
Tax effect of net tax-exempt income, net disallowed expenses and additional expense deductions allowed	(406)	(211)	(2,606)	(160)
Income tax expenses reported in the statement of comprehensive income	281,493	232,889	548,612	453,524
Weighted average tax rate	19.97%	19.98%	19.91%	19.99%

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

(Unit: Thousand Baht)

	As at		30 June	
	30 June	31 December	Changes in deferred tax assets/liabilities reported in profit or loss for the six-month periods ended	
	2022	2021	2022	2021
Allowance for expected credit loss	8,182	8,412	(230)	(107,899)
Allowance for impairment of investments	2,589	2,589	-	-
Allowance for impairment of properties foreclosed	2,493	3,258	(765)	195
Non-accrual of interest income	4,395	5,256	(861)	(640)
Depreciation of assets	(15,392)	(17,383)	1,991	7,543
Surplus on revaluation of assets	(75,403)	(75,634)	-	-
(Surplus) deficit on changes in value				
of investments	1,586	(26)	-	-
Gain on changes in value of investments	(140,065)	(108,828)	(31,237)	(9,099)
Deferred commissions and direct expenses				
incurred at the initiation of hire purchase	(113,070)	(162,844)	49,774	97,983
Unearned interest income on hire purchase	24,850	42,534	(17,684)	(32,908)
Loss on disposal of properties foreclosed	6,259	26,764	(20,505)	-
Accrued expenses	133,117	133,117	-	-
Employee benefit expenses	157,830	166,196	6,301	549
Others	63,117	64,771	(1,654)	13,477
Deferred tax assets	60,488	88,182	(14,870)	(30,799)

3.31 Earnings per share

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

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Profit attributable to equity holders				
of the Bank (Thousand Baht)	1,128,001	932,609	2,207,479	1,814,898
Weighted average number of shares				
(Thousand shares)	921,568	921,568	921,568	921,568
Basic earnings per share (Baht/share)	1.22	1.01	2.40	1.97

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 30 June 2022 and 31 December 2021, the balances of accounts between the Bank and its related companies are as follows:

	(Unit: Thousand Baht)	
	As at	
	30 June 2022	31 December 2021
<u>Outstanding balances</u>		
Parent company		
TISCO Financial Group Plc.		
Loans to customers	-	565,000
Other assets	110	-
Deposits	894,046	22,583
Lease liabilities	14,807	19,629
Accrued interest payable	13	1
Dividend payable	-	1,999,552
Other liabilities	119,875	121,375
Related companies		
Other assets		
TISCO Securities Co., Ltd.	227	214
TISCO Asset Management Co., Ltd.	3,558	3,997
Hi-Way Co., Ltd.	814	690
TISCO Insurance Solution Co., Ltd.	15,388	15,343
TISCO Information Technology Co., Ltd.	56	-
TISCO Learning Center Co., Ltd.	27	-
All-Ways Co., Ltd.	24	-
Deposits		
Hi-Way Co., Ltd.	107,916	125,602
TISCO Insurance Solution Co., Ltd.	327,868	517,442
TISCO Information Technology Co., Ltd.	431,800	437,976
TISCO Learning Center Co., Ltd.	43,731	42,847
All-Ways Co., Ltd.	240,580	204,045
Primus Leasing Co., Ltd.	32,897	32,897
TISCO Tokyo Leasing Co., Ltd.	2,181	1,771
Interbank and money market items (liabilities)		
TISCO Securities Co., Ltd.	161,477	430,245
TISCO Asset Management Co., Ltd.	81,037	503,291
Lease liabilities		
TISCO Securities Co., Ltd.	700	822
Hi-Way Co., Ltd.	3,898	2,031

(Unit: Thousand Baht)

As at

	30 June 2022	31 December 2021
Related companies (continued)		
Accrued interest payable		
TISCO Securities Co., Ltd.	3	6
TISCO Asset Management Co., Ltd.	2	14
Hi-Way Co., Ltd.	2	3
TISCO Insurance Solution Co., Ltd.	2	6
TISCO Information Technology Co., Ltd.	138	13
TISCO Learning Center Co., Ltd.	30	17
All-Ways Co., Ltd.	88	55
Other liabilities		
Hi-Way Co., Ltd.	235,617	216,400
TISCO Insurance Solution Co., Ltd.	12,641	13,565
TISCO Learning Center Co., Ltd.	1,749	-
All-Ways Co., Ltd.	8,757	8,204
Management - departmental managers upward		
Loans ⁽¹⁾	10,021	8,183
Directors and management - departmental managers upward		
Deposits	200,355	369,850
Companies which directors or their related persons have significant influence over		
Deposits	45,689	39,580
Related persons of directors and key management		
Deposits	50,964	70,555
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	
	30 June 2022	31 December 2021
Related companies (continued)		
Commitments - loan credit lines ⁽²⁾		
Parent company		
TISCO Financial Group Plc.	9,500,000	9,500,000
Related companies		
TISCO Securities Co., Ltd. ⁽³⁾	5,000,000	5,000,000
TISCO Asset Management Co., Ltd. ⁽³⁾	500,000	500,000
Hi-Way Co., Ltd.	3,500,000	3,500,000
TISCO Insurance Solution Co., Ltd.	500,000	500,000
TISCO Information Technology Co., Ltd.	50,000	50,000
All-Ways Co., Ltd.	1,000,000	1,000,000
TISCO Tokyo Leasing Co., Ltd.	500,000	500,000
Commitments - financial guarantees		
TISCO Tokyo Leasing Co., Ltd.	8,000	-

(2) As at 30 June 2022 and 31 December 2021, total credit lines granted to all companies in the Group must not exceed Baht 9,500 million.

(3) Credit line for subordinated loan

Loans to related companies

As at 30 June 2022 and 31 December 2021, the balances of loans between the Bank and its related companies and their movements are as follows:

	(Unit: Thousand Baht)			
	For the six-month period ended 30 June 2022			
	Balance - beginning of period	Increase	Decrease	Balance - end of period
Parent company				
Loans				
TISCO Financial Group Plc.	565,000	-	(565,000)	-
Related company				
Interbank and money market items (Assets)				
TISCO Securities Co., Ltd.	-	300,000	(300,000)	-

	(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

During the periods, 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 three-month periods ended 30 June		For the six-month periods ended 30 June		Terms and pricing policies
	2022	2021	2022	2021	
	<u>Transactions occurred during the periods</u>				
Parent company					
Interest income	10	1,624	417	6,634	With reference to the terms and prices as offered to other customers
Other income	180	125	360	250	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	358,750	362,500	717,500	725,000	Determined on actual costs in compliance with the criteria specified by the BOT
Interest expenses	360	426	581	598	With reference to the terms and prices as offered to other customers
Other expenses	2,508	2,508	5,017	5,017	With reference to the terms and prices as offered to other customers
Related companies					
Interest income	669	-	1,610	315	With reference to the terms and prices as offered to other customers
Insurance service income	15,310	15,791	30,620	32,003	With reference to the terms and prices as offered to other customers
Other income	12,132	14,684	26,465	51,649	With reference to the terms and prices as offered to other customers
Expenses involving loans	235,617	214,200	459,217	427,800	Determined on actual costs
Computer system advisory service expenses	152,500	157,500	305,000	315,000	Determined on actual costs in compliance with the criteria specified by the BOT
Training expenses	10,897	5,602	18,767	13,075	With reference to the prices as offered from other service providers
Interest expenses	747	836	1,303	1,488	With reference to the terms and prices as offered to other customers
Other expenses	9,129	865	18,332	1,976	With reference to the terms and prices as offered to other customers

Directors' and key management's benefits

During the three-month and six-month periods ended 30 June 2022 and 2021, 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 three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
Short-term benefits	24	23	47	45
Post-employment benefits	4	4	9	8
Total	28	27	56	53

The Bank has other employee benefit expenses to its directors and key management recognised in profit or loss during the six-month periods ended 30 June 2022 and 2021 amounting to Baht 9 million and Baht 12 million, respectively.

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 three-month and six-month periods ended 30 June 2022 and 2021, 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 three-month and six-month periods ended 30 June 2022 and 2021 is as follows:

(Unit: Million Baht)

	For the three-month period ended 30 June 2022					Financial statements
	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	
Revenue:						
External customers	2,850	334	165	3,349	-	3,349
Inter-segment	-	-	921	921	(921)	-
Total revenue	2,850	334	1,086	4,270	(921)	3,349
Operating results:						
Net interest income	2,422	342	5	2,769	-	2,769
Net fee and service income	362	23	(5)	380	-	380
Other operating income	66	(31)	1,086	1,121	(921)	200
Total operating income	2,850	334	1,086	4,270	(921)	3,349
Premises and equipment expenses and amortisation	(62)	(7)	(219)	(288)	-	(288)
Other operating expenses	(1,674)	(160)	(707)	(2,541)	921	(1,620)
Expected credit loss	(136)	29	75	(32)	-	(32)
Total operating expenses	(1,872)	(138)	(851)	(2,861)	921	(1,940)
Segment profit before income tax expenses	978	196	235	1,409	-	1,409
Income tax expenses						(281)
Profit for the period						1,128

(Unit: Million Baht)

For the three-month period ended 30 June 2021

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue:						
External customers	2,917	347	31	3,295	-	3,295
Inter-segment	-	-	758	758	(758)	-
Total revenue	2,917	347	789	4,053	(758)	3,295
Operating results:						
Net interest income	2,507	321	(4)	2,824	-	2,824
Net fee and service income	360	27	(4)	383	-	383
Other operating income	50	(1)	797	846	(758)	88
Total operating income	2,917	347	789	4,053	(758)	3,295
Premises and equipment expenses and amortisation	(75)	(6)	(264)	(345)	-	(345)
Other operating expenses	(1,527)	(139)	(500)	(2,166)	758	(1,408)
Expected credit loss	(47)	26	(355)	(376)	-	(376)
Total operating expenses	(1,649)	(119)	(1,119)	(2,887)	758	(2,129)
Segment profit before income tax expenses	1,268	228	(330)	1,166	-	1,166
Income tax expenses						(233)
Profit for the period						933

(Unit: Million Baht)

For the six-month period ended 30 June 2022

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue:						
External customers	5,684	689	194	6,567	-	6,567
Inter-segment	-	-	1,802	1,802	(1,802)	-
Total revenue	5,684	689	1,996	8,369	(1,802)	6,567
Operating results:						
Net interest income	4,831	660	3	5,494	-	5,494
Net fee and service income	740	57	(10)	787	-	787
Other operating income	113	(28)	2,003	2,088	(1,802)	286
Total operating income	5,684	689	1,996	8,369	(1,802)	6,567
Premises and equipment expenses and amortisation	(122)	(13)	(438)	(573)	-	(573)
Other operating expenses	(3,311)	(320)	(1,373)	(5,004)	1,802	(3,202)
Expected credit loss	(158)	41	81	(36)	-	(36)
Total operating expenses	(3,591)	(292)	(1,730)	(5,613)	1,802	(3,811)
Segment profit before income tax expenses	2,093	397	266	2,756	-	2,756
Income tax expenses						(549)
Profit for the period						2,207

(Unit: Million Baht)

For the six-month period ended 30 June 2021

	Retail banking	Corporate banking	Treasury investment and others	Total segments	Eliminations	Financial statements
Revenue:						
External customers	5,917	673	113	6,703	-	6,703
Inter-segment	-	-	1,425	1,425	(1,425)	-
Total revenue	5,917	673	1,538	8,128	(1,425)	6,703
Operating results:						
Net interest income	5,009	609	3	5,621	-	5,621
Net fee and service income	796	62	(10)	848	-	848
Other operating income	112	2	1,545	1,659	(1,425)	234
Total operating income	5,917	673	1,538	8,128	(1,425)	6,703
Premises and equipment expenses and amortisation	(149)	(12)	(499)	(660)	-	(660)
Other operating expenses	(2,969)	(263)	(935)	(4,167)	1,425	(2,742)
Expected credit loss	(246)	25	(812)	(1,033)	-	(1,033)
Total operating expenses	(3,364)	(250)	(2,246)	(5,860)	1,425	(4,435)
Segment profit before income tax expenses	2,553	423	(708)	2,268	-	2,268
Income tax expenses						(453)
Profit for the period						1,815

Total assets information regarding the Bank's operating segments as at 30 June 2022 and 31 December 2021 is as follows:

(Unit: Million Baht)

	As at 30 June 2022			Total segments
	Retail banking	Corporate banking	Treasury investment and others	
Segment total assets	159,452	37,592	32,701	229,745
Premises and equipment - net	17	2	686	705

(Unit: Million Baht)

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

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 three-month and six-month periods ended 30 June 2022, the Bank recognised contributions as expenses totalling Baht 44 million and Baht 87 million, respectively (2021: Baht 42 million and Baht 82 million, respectively).

3.35 Commitments and contingent liabilities

3.35.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

	As at	
	30 June 2022	31 December 2021
Avals to bills	9,155	630
Other guarantees	879,272	525,695
Undrawn client overdraft facilities	230,000	230,000
Foreign exchange contracts (Note 3.36.4)	1,734,792	1,512,926
Others	1,957,544	1,012,791
Total	<u>4,810,763</u>	<u>3,282,042</u>

3.35.2 Litigation

As at 30 June 2022 and 31 December 2021, the Bank has been sued for compensation totalling approximately Baht 170 million and Baht 165 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 30 June 2022 and 31 December 2021, the exposure to credit risk is as follows:

	(Unit: Million Baht)	
	As at	
	30 June 2022	31 December 2021
Interbank and money market items (Assets)	31,424	29,062
Investments in debt instruments measured at fair value through other comprehensive income	5,911	6,876
Investments in debt instruments measured at amortised cost	9	12
Loans to customers and accrued interest receivables	198,423	198,881
Other assets - fee and service receivables	112	134
Other assets - other receivables	450	458
Total financial assets	236,329	235,423
Loan commitments	2,205	1,243
Total credit risk exposure	238,534	236,666

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		Type of collateral
	30 June 2022	31 December 2021	
Interbank and money market items	29,501	27,202	Bonds
Loans to customers and accrued interest receivables	196,833	196,685	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 30 June 2022				Total
	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	
Interbank and money market items					
(Assets)					
Investment grade	31,424	-	-	-	31,424
Non-investment grade	-	-	-	-	-
Total	31,424	-	-	-	31,424
Allowance for expected credit loss	-	-	-	-	-
Investments in debt securities					
measured at fair value through other comprehensive income					
Investment grade	5,887	-	-	-	5,887
Non-investment grade	-	-	24	-	24
Total	5,887	-	24	-	5,911
Allowance for expected credit loss	-	-	27	-	27
Investments in debt securities					
measured at amortised cost					
Investment grade	-	-	-	-	-
Non-investment grade	-	-	9	-	9
Total	-	-	9	-	9
Allowance for expected credit loss	-	-	9	-	9

(Unit: Million Baht)

	As at 30 June 2022				
	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	Total
Loans to customers and accrued interest receivables					
0 day overdue	164,173	3,563	171	-	167,907
1 - 30 days overdue	9,510	4,611	142	-	14,263
31 - 60 days overdue	-	9,442	171	-	9,613
61 - 90 days overdue	-	3,140	103	-	3,243
Over 90 days overdue	-	-	3,397	-	3,397
Total	173,683	20,756	3,984	-	198,423
Allowance for expected credit loss	6,458	2,694	1,137	-	10,289
Other assets - fee and service receivables					
0 day overdue	-	-	-	112	112
1 - 30 days overdue	-	-	-	-	-
Total	-	-	-	112	112
Allowance for expected credit loss					
Other assets - other receivables					
0 day overdue	-	-	-	447	447
1 - 30 days overdue	-	-	-	-	-
31 - 90 days overdue	-	-	-	-	-
91 - 180 days overdue	-	-	-	1	1
Over 180 days overdue	-	-	-	2	2
Total	-	-	-	450	450
Allowance for expected credit loss	-	-	-	2	2
Loan commitments					
0 day overdue	2,205	-	-	-	2,205
1 - 30 days overdue	-	-	-	-	-
Total	2,205	-	-	-	2,205
Allowance for expected credit loss	3	-	-	-	3

(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	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
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

(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	Total
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

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 and other retail loans, 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 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	
	30 June 2022	31 December 2021
Not yet past due		
Very high grade	49,404	48,522
High grade	39,738	42,064
Medium grade	2,438	2,795
Subtotal	91,580	93,381
Hire purchase receivables - overdue for 31 to 90 days	13,080	14,085
Hire purchase receivables - overdue for more than 90 days	1,915	2,217
Total	<u>106,575</u>	<u>109,683</u>

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	
	30 June 2022	31 December 2021
Marketable financial assets		
Equity securities	1	1
Debt securities	20	3
Foreign currencies	(2)	-

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	
	30 June 2022	31 December 2021
Change in interest rate		
Increase by 1 percent	294.58	261.58
Decrease by 1 percent	(294.58)	(261.58)

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. In addition, 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 30 June 2022			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	1,017	1,017
Interbank and money market items	-	29,502	1,922	31,424
Financial assets measured at fair value				
through profit or loss	-	-	930	930
Investments	-	3,580	2,331	5,911
Loans to customers	36,586	149,806	12,031	198,423
Other assets - fee and service receivables	-	-	112	112
Other assets - other receivables	-	-	450	450
	<u>36,586</u>	<u>182,888</u>	<u>18,793</u>	<u>238,267</u>
Financial liabilities				
Deposits	49,458	120,803	697	170,958
Interbank and money market items	704	5,100	91	5,895
Liabilities payable on demand	-	-	245	245
Derivatives liabilities	-	-	47	47
Debts issued and borrowings	-	8,477	-	8,477
Lease liabilities	-	328	-	328
Accrued interest payable	-	-	394	394
	<u>50,162</u>	<u>134,708</u>	<u>1,474</u>	<u>186,344</u>

(Unit: Million Baht)

As at 31 December 2021

Transactions	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>

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 30 June 2022							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	1	29,501	-	-	-	29,502	0.4982
Investments	-	1,391	2,165	24	-	3,580	0.9268
Loans to customers	4,624	11,154	35,447	87,350	11,231	149,806	7.4109
	<u>4,625</u>	<u>42,046</u>	<u>37,612</u>	<u>87,374</u>	<u>11,231</u>	<u>182,888</u>	
Financial liabilities							
Deposits	599	59,710	57,621	2,873	-	120,803	0.8848
Interbank and money market items	-	1,292	624	3,184	-	5,100	0.0498
Debts issued and borrowings	37	-	-	2,800	5,640	8,477	2.8590
Lease liabilities	-	21	107	146	54	328	2.6393
	<u>636</u>	<u>61,023</u>	<u>58,352</u>	<u>9,003</u>	<u>5,694</u>	<u>134,708</u>	

(Unit: Million Baht)

As at 31 December 2021							
Transactions	At call	Repricing or maturity date				Total	Interest rates (%)
		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	7.3612
	<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>	

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	
	30 June 2022	31 December 2021
Composition of highly liquid assets		
Cash	1,017	1,099
Interbank and money market items	31,424	29,062
Current investments	5,893	6,858
Total highly liquid assets	<u>38,334</u>	<u>37,019</u>
Liquid asset requirement based on the Bank's internal policy	21,122	22,052

The Bank has a policy to maintain the internal highly liquid assets higher than the liquid asset requirement. As at 30 June 2022 and 31 December 2021, 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 30 June 2022 and 31 December 2021, the periods to maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Transactions	As at 30 June 2022						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	1,017	-	-	-	-	-	-	1,017
Interbank and money market items	1,923	29,501	-	-	-	-	-	31,424
Financial assets measured at								
fair value through profit or loss	-	-	-	-	-	930	-	930
Investments	-	1,931	3,956	24	-	-	-	5,911
Loans to customers	4,927	12,967	41,577	100,401	34,567	-	3,984	198,423
Other assets - fee and service								
receivables	-	112	-	-	-	-	-	112
Other assets - other receivables	-	450	-	-	-	-	-	450
	<u>7,867</u>	<u>44,961</u>	<u>45,533</u>	<u>100,425</u>	<u>34,567</u>	<u>930</u>	<u>3,984</u>	<u>238,267</u>

(Unit: Million Baht)

As at 30 June 2022

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial	Total
							assets that are credit- impaired	
Financial liabilities								
Deposits	50,754	59,710	57,621	2,873	-	-	-	170,958
Interbank and money market items	795	1,292	624	3,184	-	-	-	5,895
Liabilities payable on demand	245	-	-	-	-	-	-	245
Derivatives liabilities	-	-	47	-	-	-	-	47
Debts issued and borrowings	37	-	-	2,800	5,640	-	-	8,477
Lease liabilities	-	21	107	146	54	-	-	328
Accrued interest payable	19	218	149	8	-	-	-	394
	<u>51,850</u>	<u>61,241</u>	<u>58,548</u>	<u>9,011</u>	<u>5,694</u>	<u>-</u>	<u>-</u>	<u>186,344</u>
Commitments and contingent liabilities								
Avals to bills and other guarantees	9	23	21	-	-	835	-	888
Other commitments	-	24	1,816	1,852	-	230	-	3,922

(Unit: Million Baht)

As at 31 December 2021

Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Financial	Total
							assets that are credit- impaired	
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>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>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

Regarding the disclosure of the Bank's Liquidity Coverage Ratio as at 30 June 2022, it will be disclosed via the Bank's website by October 2022.

3.36.4 Derivatives

As at 30 June 2022 and 31 December 2021, 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 30 June 2022		
Maturity	Notional amount	Loss on measurement of fair value
2022	1,735	(47)

(Unit: Million Baht)

As at 31 December 2021		
Maturity	Notional amount	Loss on measurement of fair value
2022	1,513	(3)

3.37 Fair value hierarchy

3.37.1 As at 30 June 2022 and 31 December 2021, 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 30 June 2022				
	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	930	6	-	924	930
Investments - debt securities	5,911	-	5,887	24	5,911
<u>Financial liabilities measured at fair value</u>					
Derivatives					
Foreign exchange contracts	47	-	47	-	47
<u>Assets measured at fair value</u>					
Investment properties	28	-	-	28	28
Office condominiums	598	-	-	598	598

(Unit: Million Baht)

As at 30 June 2022

	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets for which fair value is disclosed</u>					
Cash	1,017	1,017	-	-	1,017
Interbank and money market items	31,424	1,923	29,501	-	31,424
Loans to customers and accrued interest receivables	188,134	-	41,730	149,963	191,693
Other assets - fee and service receivables	112	-	112	-	112
Other assets - other receivables	448	-	448	-	448
<u>Financial liabilities for which fair value is disclosed</u>					
Deposits	170,958	50,154	120,804	-	170,958
Interbank and money market items	5,895	795	5,100	-	5,895
Liabilities payable on demand	245	245	-	-	245
Debts issued and borrowings	8,477	-	7,820	-	7,820
Accrued interest payable	394	5	389	-	394

(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

(Unit: Million Baht)

	As at 31 December 2021				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<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

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

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

(Unit: Million Baht)

	Non-marketable equity instruments	Investments -	Total
		private sector debt securities	
Balance as at 1 January 2022	767	24	791
Net gain recognised in profit or loss	157	-	157
Balance as at 30 June 2022	924	24	948

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 53 million.
		Equity risk premium	9.70%	1% increase in the equity risk premium would result in a decrease in fair value by Baht 61 million.

Fair value of investments in private sector 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. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 22 August 2022.